

ASSESSING NASA'S UNDERUTILIZED REAL PROPERTY ASSETS AT THE KENNEDY SPACE CENTER

FIELD HEARING

BEFORE THE
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES

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ASSESSING NASA'S UNDERUTILIZED REAL PROPERTY ASSETS AT THE KENNEDY SPACE CENTER

Monday, February 10, 2014

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
Washington, D.C.

The subcommittee met, pursuant to call, at 9:00 a.m., in Kennedy Space Center Visitor Complex 1, Kennedy Parkway, Cape Canaveral, Florida, Hon. John L. Mica [chairman of the subcommittee] presiding.

Present: Representatives Mica, DeSantis, and Bentivolio.

Also Present: Representatives Posey and Miller.

Staff Present: Ashley H. Callen, Deputy Chief Counsel for Investigations; Linda Good, Chief Clerk; Mark D. Marin, Deputy Staff Director for Oversight; Jenna VanSant, Professional Staff Member.

Mr. MICA. Good morning. I would like to welcome everyone this morning to the Committee on Oversight and Government Reform, the Subcommittee on Government Operations, welcome them first of all to our hearing this morning. This is a field hearing of the committee and subcommittee, and the title of this hearing is "Assessing NASA's Underutilized Real Property Assets at the Kennedy Space Center."

First of all, I would like to thank the Visitor Center for accommodating us today, and NASA for also their assistance, and the Air Force for helping us. Yesterday we had a tour of the properties of NASA and the Air Force base. I would like to welcome everyone.

We are actually in Mr. Posey's district and adjacent to Mr. DeSantis' district. We are joined today by both Mr. Posey and Mr. DeSantis. I will recognize them in a minute.

We also have Mr. Bentivolio from Michigan, who is a member of the Government Reform and Oversight Committee.

We are also joined by the distinguished gentle lady from Michigan who chairs the House Administration Committee, Candace Miller, and also a senior member of the Homeland Security Committee.

The order of business. We will start with opening statements. We have a panel of witnesses. We have six witnesses today, someone from NASA, someone from the United States Air Force, U.S. General Services Administration, Space Florida, the Audubon Society, and the port of Port Canaveral.

We will hear from those witnesses. We will go through all the witnesses, and then we will have questions from first members of the committee and then from those who are participating.

Without objection, Mrs. Miller and Mr. Posey will be accepted as participants in this hearing even though they are not on the committee, and also entitled to question the witnesses and participate after the members of the committee have completed their responsibilities.

Without objection, so ordered.

So that is sort of the opening rules of how we will proceed today.

Welcome, everyone, again, and thank you for your accommodation.

We will start with opening statements, and I will give some remarks and a little bit of background, and then I will yield to any other members that wish to submit oral testimony or comments, opening statements today, or written statements for the record.

So again, I thank everyone for coming. I am pleased to be here. I am particularly pleased that we would have fairly good representation from our members of Congress for a field hearing. Sometimes it is hard to get members out, although today is a beautiful day. We will have to go back and tell them what they missed in Florida. So, thank you for coming and making the trip, those from outside this area. And again, we are privileged to have two members who represent this area, most specifically Mr. Posey, and adjacent Mr. DeSantis.

The reason that we have gathered here today is to review NASA and the Air Force options for dealing with either vacant or underutilized buildings or facilities, land, that may no longer be needed. The mission of NASA has dramatically changed in the last few years, and we are looking at more commercialization of the space activities that have traditionally been here for the past four decades.

Currently, NASA has 144,000 acres and many facilities at the Cape Kennedy Center. In addition, the Air Force has some 16,000 acres at the Canaveral Air Force Station. I think someone calculated today that is probably about 240 square miles of space. That is a huge piece of real estate.

As the mission has changed, we find ourselves with—I believe the inventory that was provided to the committee—720 buildings and structures on the NASA property, and the most recent information we have gotten from their database is 330 of those properties, buildings, or structures are either unused or vacant. Yesterday we had a chance with the committee and some of the committee staff to take a tour. We spent most of the latter part of the afternoon touring some specific sites.

I asked earlier and we started this review early last year of some of the top square footage of vacant or properties that, again, are close to being totally underutilized. This was what was provided to us. That is the tough news.

The good news is that actually since we got that inventory, we have put a little check, that little check mark. They have actually taken one of those properties off the list.

Our review, and I think the members will concur, of the properties that we visited, and we covered most of those there—and I

would like folks to come back for an historic or more of a tourist visit here. But yesterday was business. In looking at what is being done, I was fairly impressed with some of the progress that has been made to date and, again, the efforts to move forward in dealing with, again, a huge amount of inventory.

Some time ago we produced a report actually on the Transportation Committee entitled "The Federal Government Must Stop Sitting on Its Assets," a kind of cute title, but also descriptive of something that we need to do. We are the largest property and landowners in the world, and we have billions and billions, probably a trillion dollars' worth of assets that are either idle or underutilized.

Having this in my own backyard, chairing formerly the Transportation Committee and now this Oversight Committee, we want to make certain that even in our own backyard and Mr. Posey's front yard and Mr. DenSantis' front yard, that we are good stewards of the properties entrusted to us by the taxpayer.

So throughout my time in Congress, most recently we have tried to focus, not only here but around the country. Some of you may have seen our success with the Old Post Office in Washington, which is two blocks from the White House, sat vacant, part of it, for 15 years, costing \$8 to \$10 million a year. That will now be a 250-room hotel. Instead of costing \$8 to \$10 million, it will get a quarter of a million dollars of revenue every month, plus a cut of the profits. Mr. Trump is going to be developing that. But that is one of our success stories.

We had a power plant facility owned by the Federal Government in Georgetown which sat vacant for 10 years, costing about \$2 million a year to maintain. That went up for sale and sold for \$19.5 million, again stopping the bleeding and also seeing some realization of that asset for the taxpayers as far as a return.

So last year we began this examination of NASA, and also the Air Force property, and their changing mission on this site. And again, I want to commend the leadership of both the Air Force and NASA for some of the progress that has been made.

But what we want to do today is really see where we are going for the future. Yesterday, the director told me—I think there were 18,000 people approximately that worked at the Cape. We are down to about 8,000, and what we would like to do is go from 8,000 on up. Maybe we have hit bottom. But each of those buildings have the potential for, again, specific utilization where you can in some cases attract jobs, rent the property, in some cases a long-term lease, or even sell some of the property and get a return, get jobs back in this community, back in this section of the state.

So they have done some of that already, and we will hear their story.

We also face the reality of a unique property with security protocols and concerns both at NASA and at the Cape Canaveral Air Force Station, and they present certain challenges.

I took, again, inventory of where we are going, and also have heard of desires by some in the community to expand some of the natural areas, and we do have the national Canaveral seashore. We have other areas where we have preserved and protected the environment, and I invited the Audubon Society representative to speak to us today about some of the thoughts that that part of our

community and state—again, protecting natural treasures, what their interests would be for the future.

Unfortunately, the process is slow. Some of the responsibility is Congress. Some is the bureaucracy that we have to deal with. We are going to look at and hear from these folks, too, how they have tried to address moving forward, again with a massive evolution from the government running everything to now a different scenario. Unfortunately, our part of that process in Congress, if necessary, needs to enact laws. We will see what changes we need to do, what suggestions we have, and we can go back and make their job easier in making this transition.

So today we will review what property and facilities are required for the current time, and then we want to look into the future. You don't want to give away the store. You want to make certain that we are securing the assets we need for the Federal Government, for our space program, and also for preservation for the public as far as public lands are concerned.

So we will continue this effort. This is the first hearing we have held. If necessary, we will hold some hearings in Washington as a follow-up with people who are not empaneled here today but people who do make those decisions.

So now we face the challenge of evolving our space program, what has taken place here in the past. Yesterday, all of us who went on the tour sort of went on a tour of the history of the space program from 1962 to just days ago, when they had the most recent successes and launches from this area.

But again, I think our job is to carefully review what has taken place and support viable options to putting to use these valuable taxpayer assets as soon as possible.

So I would like to welcome our witnesses. We will get to them in a second. Let me first—well, we will do this. Mr. DeSantis, a member of the committee, did you have any comment?

Mr. DESANTIS. I just wanted to thank the chairman for taking the time to organize this, set this up. Thanks to the Space Center for hosting us, and thank you for all the witnesses for taking the time to come and testify about an important issue, I think, in terms of how this property is disposed of, to protect taxpayers, but also the potential that we have for some commercial opportunities. I think it is very important. So, thanks again to the chairman.

Mr. MICA. Mr. Bentivolio?

Mr. BENTIVOLIO. Thank you, Mr. Chairman.

I did want to say I have noticed it is apropos that two Michigan members of Congress are here, since so many Michiganders have moved here, or I think you call them snowbirds come down for the winter. In Michigan, sometimes I have heard Florida referred to as Michigan's southern peninsula, because so many of them do come to Florida during the winter months. And this year it was a good choice because there is two-and-a-half feet of snow, and I am in the southern part of Michigan.

But other than that, I want to thank the chairman for hosting this hearing, as well as our witnesses. I really enjoyed the tour. Thank you very much. And thank you, Mr. Chairman.

Mr. MICA. Thank you.

The gentleman from our host district today, Mr. Posey.

Mr. POSEY. First I want to thank you, Congressman Mica, for holding this hearing, and from a personal perspective I want to thank you for including me. I am not on that Oversight Committee, but I appreciate you including me in this.

Our taxpayers want accountability, and the hearings that you have been holding clearly are another great effort on your part and the part of Congress to try and provide better accountability. I hope you and members of the committee are pleased to learn how great NASA at KSC and the Air Force over on the Cape side are adapting to the new rules of facilitating our nation's space program in new ways.

I note, for example, the building you drove by yesterday, you saw where they are now building the Orion. Two years ago it would have been considered excessive and unneeded property. Ultimately, it is very valuable property and very important for this nation and for this area.

I want to thank you all for keeping in mind that the reason this 160,000-plus acres was acquired and utilized and currently owned by the Government is for our nation's space program.

I will keep it brief, Mr. Chairman, and yield back. Thank you.

Mr. MICA. Thank you again, and thank you for participating. No one watches over the space program more than Representative Posey. He is non-stop in our nation's capital and trying to make certain that we have every success possible here, and also a strong advocate for both our military, the Air Force, and NASA.

I am pleased to yield now to the gentle lady from Michigan, Mrs. Miller.

Mrs. MILLER. Thank you, Mr. Chairman. I certainly appreciate as well your calling this hearing today. I have been here at this fantastic facility many times over my lifetime, but never in a hearing situation. So I am delighted to be here.

When we think about the incredibly rich heritage that the space program has given our country and the world, quite frankly, I think it is an unfortunate reality in some ways that we are here thinking about the disposal of some of the facilities here rather than having the political will as a country to really buck up for the space program. That perhaps is an issue for another day. I know we have huge supporters of the space program here today, but that is not always the case in the capital. Obviously, with fiscal restraints, et cetera, there are other priorities, I suppose.

But when we think about what has happened in our world and all of the positive spinoffs that have happened because of NASA, you can't put a price on these kinds of things. We were just using a GPS on our way over here today, not that we got lost, but you get so you are using it. But it is a spinoff of what happened with the fantastic men and women that have served in NASA.

So I am just delighted to be here. I think it will be a very interesting hearing as we are in the mode of trying to make sure that we get the best bang for the taxpayers' buck, certainly. And when I look at the distinguished panelists that we have here today, in particular Mr. Cabana and the General as well, we certainly appreciate the service that you have given to our country and to the world, quite frankly, and we are looking forward to hearing all the testimony of the witnesses today. Thank you.

Mr. MICA. I thank the gentle lady.

First of all, we have a statement by Senator Marco Rubio, a request to be entered in the record.

Without objection, his statement will be entered in the record.

Also, I will entertain a motion that the record be left open for a period of two weeks. Others may wish to submit testimony, other members.

Without objection, so ordered.

So, do we have any other representatives of any of the congressional offices?

[No response.]

Mr. MICA. Okay. I didn't want to ignore them, and if they do come in, we will introduce them.

So with that, we will turn to our next order of business, to hear from our six witnesses. Today we have six witnesses.

First we have Mr. Robert D. Cabana, and he is the Director of the JFK Space Center under NASA.

We have Brigadier General Nina Armagno, and she is the Commander of the 45th Space Wing, Director of the Eastern Range, Patrick Air Force Base, the United States Air Force.

We have John E.B. Smith, Regional Commissioner, Public Buildings Service, Southeast Sunbelt Region, U.S. General Services Administration.

Mr. Jim Kuzma, Chief Operating Officer of Space Florida.

Mr. Charles Lee, Director of Advocacy of the Central Florida Policy Office of the Florida Audubon Society.

And then we have Mr. John Walsh, Chief Executive Officer of Cape Canaveral Port Authority.

This is an investigations and oversight committee of Congress, and as such we do swear in all of our witnesses.

I would ask our witnesses to please stand, raise your right hand.
[Witnesses sworn.]

Mr. MICA. Let the record reflect that all of the witnesses answered in the affirmative.

And again, we will welcome each and every one of you. I thank you for being with us and helping us with our task today.

First, again, we will go down the witnesses in the order in which I introduced them.

Mr. Robert Cabana, not only the Director of the Kennedy Space Center, a great tour guide, and also a great administrator, at least from what we learned of his efforts here yesterday, and also a distinguished astronaut himself.

Welcome, sir. What we are going to do is we will try to limit you to 5 minutes. If you have additional information or testimony you would like to be made part of the official record of today's proceedings, just request through the chair and we will do so.

So, we will go through each one, try to give you your 5 minutes. But welcome, and you are recognized, sir.

WITNESS STATEMENTS

STATEMENT OF ROBERT D. CABANA

Mr. CABANA. Thank you, sir. Chairman Mica and members of the subcommittee, thank you for this opportunity to appear today to

discuss NASA's management of its real property holdings here at the Kennedy Space Center, as well as Cape Canaveral Air Force Station.

I do have an official statement that I would like to submit for the record.

Mr. MICA. Without objection, that will be made a part of the record.

Please proceed.

Mr. CABANA. But I would like to use this opportunity to also bring forth the key message that I have in that statement.

KSC is well on its way to establishing itself as a multi-user space port. It supports both government and commercial flights of both crew and cargo to and from low-earth orbit and beyond. We have made great strides to become more efficient and cost effective, to divest of unneeded facilities, saving precious taxpayer dollars without diminishing our capabilities.

We believe our story is an ongoing one of great success in transitioning this storied complex from 30 years of space shuttle operations to the 21st century launch complex of the future. This would not have been possible without the support of our elected officials at both the state and Federal level and the agreements that we have in place with our commercial partners.

The Kennedy Space Center has had a glorious past, and we believe we have an even brighter future, and I look forward to your questions, sir.

[Prepared statement of Mr. Cabana follows:]

HOLD FOR RELEASE
UNTIL PRESENTED
BY WITNESS
February 10, 2014

Statement of

Robert D. Cabana
Director, John F. Kennedy Space Center
National Aeronautics and Space Administration

Before the

Subcommittee on Government Operations
Committee on Oversight and Government Reform
U.S. House of Representatives

Chairman Mica, Ranking Member Connolly, and Members of the Subcommittee, thank you for the opportunity to appear today to discuss NASA's management of its Real Property holdings located at NASA's John F. Kennedy Space Center (KSC) and Cape Canaveral Air Force Station (CCAFS) in Florida.

Since 1962, when it was formally established as NASA's Launch Operations Center, KSC has helped set the stage for America's adventure in space. From the early days of Project Mercury to the Space Shuttle program and International Space Station (ISS), from the Hubble Space Telescope to the Mars rovers, KSC enjoys a rich heritage in its vital role as NASA's processing and launch Center.

With the completion of Shuttle transition and retirement, KSC is well on the way to establishing itself as the Nation's preeminent launch complex for both government and commercial flights to and from low Earth orbit and beyond. KSC's Ground Systems Development and Operations Program is transforming Launch Complex 39 to support the Space Launch System (SLS) heavy-lift vehicle and the Orion Multi-Purpose Crew Vehicle. The first Orion flight test vehicle is nearing completion in the recently refurbished Operations and Checkout Building High Bay for a flight later this year, and Launch Complex 39 will be ready to support the first test flight of the SLS with Orion. With the extension of the International Space Station (ISS) to at least 2024, our Commercial Crew Program is working diligently to award a contract for a United States commercial provider with the goal of launching astronauts to the ISS from American soil in 2017. As we transform, our Launch Services Program continues to procure the expendable vehicles needed to launch NASA's scientific, weather, and communications satellites, as well as robotic missions to the solar system and beyond. We have been successful in numerous commercial partnerships that have been instrumental in revitalizing underutilized facilities, reducing NASA's operations and maintenance (O&M) costs at KSC, and facilitating commercial space operations.

NASA and KSC are moving forward into a new era of human space flight, and we are committed to streamlining capabilities, reducing our infrastructure, and becoming more cost-effective and efficient, while maintaining our high standards of technical excellence and safety.

KSC's Philosophy on Reduction of Ownership Cost Burden

Following the 2004 decision to end the Space Shuttle program, it became clear that many of the facilities utilized to support the Shuttle would not be required to support SLS. Therefore, NASA conducted an assessment of \$2.7 billion worth of Shuttle assets to identify those needed by SLS and those that were not. As a result of that assessment, KSC was able to determine which of those facilities should be demolished and which should be candidates for partnerships with outside entities. In 2010, KSC created what is now known as the Center Planning and Development (CPD) Directorate to manage the strategic planning for this transition. CPD is tasked with developing partnering opportunities with Federal and non-Federal entities, including seeking partners to use KSC assets, as well as evaluating unsolicited partnership offers and ensuring that proposed partners offer value compatible with NASA's vision and strategic goals. By transforming KSC into a multi-user spaceport, the Center can achieve two objectives: (1) leverage its underutilized or unneeded facilities to bring jobs back to the Center while (2) reducing NASA's annual O&M costs by transitioning responsibility for those facilities to its partners.

For some assets that are no longer required, there are no viable partnerships or alternative options. When NASA determines that an asset is (1) no longer required for its mission; (2) not viable for, or desired by potential partners; and (3) no other alternative uses for such an asset are practical, the facility is deemed to be inactive or obsolete and is added to the demolition list. KSC works with NASA Headquarters to reduce the KSC Real Property footprint and eliminate inactive and obsolete facilities when demolition funds are available. When demolition funds are not immediately available, NASA must abandon these facilities. Abandoned facilities pose potential safety and environmental liabilities at the Center. Demolishing these facilities as soon as practicable enables NASA to avoid nonproductive operating costs required to keep abandoned facilities safe and secure. Furthermore, demolition is a cost-effective method to reduce the amount of deferred maintenance on unneeded facilities and to meet the Agency's goal of reducing infrastructure.

KSC's Partnering Activities to Reduce Facilities Costs

Through a January 2011 Notice of Availability, NASA sought to identify potential outside interest in KSC assets that the Agency determined to be partially or fully available for other users at the conclusion of the Space Shuttle program. The Notice sought to ensure broad awareness and visibility of the anticipated opportunities for partnerships between NASA and industry and other non-Federal public entities. NASA's purpose in pursuing such partnerships is to maximize utilization of KSC launch infrastructure, while reducing the Center's O&M burden, as well as facilitating commercial space operations.

KSC's search for partnerships has resulted in agreements for space in several KSC and CCAFS facilities, including Orbiter Processing Facility 3, the Hazardous Maintenance Facility, Hangar N Nondestructive Evaluation Facility, and the Shuttle Logistics Depot.

In 2013 NASA selected Space Florida to take over operations at the Shuttle Landing Facility (SLF). Through this partnership, KSC's 15,000-foot runway is expected to be converted to accommodate a wide range of users, supporting government and commercial needs, while removing NASA's responsibility to maintain the associated facilities. The partnership agreement for the SLF is expected to be finalized with Space Florida in March 2014. NASA has also selected SpaceX to occupy and operate from Launch Pad 39A; negotiations on that facility are currently ongoing. Other activities are in work to create

partnerships for the use of Vehicle Assembly Building High Bay 1 and the Mobile Launcher Platforms by private entities. These facilities are some of the largest on KSC and contribute significantly to the Center's O&M cost. KSC anticipates that by the end of 2014, we will have implemented partnerships for 66 facilities to non-Federal entities. KSC seeks to build on that success by continuing to search for opportunities to partner with outside organizations to reduce Government costs.

KSC's Demolition Activities to Reduce Facilities Costs

As previously stated, KSC conducted a detailed assessment of existing facilities. As a result, KSC has been able to identify which buildings are no longer required for our mission and should be demolished and has begun to fund facility demolition projects. The Center has demolished 91 facilities over the last five years, which when combined with the impact from our partnerships has reduced the annual O&M cost by \$43 million. This is a 28 percent reduction and represents the net change after accounting for buildings that were added over this period. Further demolition projects have been programmed to remove an additional 36 facilities over the next five years. After completion of this program, KSC expects to have eliminated a total of 849,500 square feet of footprint, corresponding to a total reduction in current replacement value of \$294 million (a reduction of approximately 4.5 percent). KSC will continue to assess facilities and identify those that can be demolished to further reduce the effect of aging facilities on the Agency's Real Property investment costs.

Status of Facilities Requested by the Subcommittee on Government Operations

The Subcommittee requested specific information regarding six KSC-owned facilities. Two are located on CCAFS, and the remaining four are located on KSC. The status information on these facilities is summarized in the chart included in this written testimony. Of the six facilities, only one, the Component Refurbishment and Chemical Analysis Facility (K6-1696), is in active use. The Storage Facility at Launch Complex 19 (Building 15730) is currently abandoned; however, the United States Air Force 45th Space Wing has expressed interest in acquiring this facility, and an agreement is being coordinated through the General Services Administration. The Mission Support Building (K6-1298) is abandoned and slated for demolition, but has not yet been programmed into the five-year demolition plan. Hangar S is programmed for demolition in Fiscal Year (FY) 2015. The North Hypergol Module Processing Facility and the Hypergol Support Building were programmed for demolition in FY 2013 and are currently under contract to be demolished.

The disposition of these facilities exemplifies the outcomes from the assessment that was undertaken for the entire Center during the transition and retirement of the Space Shuttle program. KSC has kept facilities in use when practical, while the Center's costs are reduced through facility demolition or transition to outside entities.

Facility Number	Property Name	Site	Demo Project Year	FY 2013 Data			
				Status	Sq Ft	CRV (\$M)	O&M (\$)
15730	STORAGE FACILITY, LAUNCH COMPLEX 19	CCAFS	N/A	ABANDONED	26,000	11.8	64,053
1726	HANGAR 5	CCAFS	FY15	ABANDONED	42,300	30.0	172,302
M7-0961	HYPERGOL MOD PROCESSING NORTH	KSC	FY13	ABANDONED	10,300	21.3	174,870
M7-1061	HYPERGOL SUPPORT BUILDING	KSC	FY13	ABANDONED	17,300	9.6	79,928
K6-1298	MISSION SUPPORT BUILDING	KSC	N/A	ABANDONED	5,500	1.1	15,803
K6-1696	COMPONENT REFURB. & CHEMICAL ANALYSIS FAC.	KSC	N/A	ACTIVE	57,000	25.2	976,395

Conclusion

KSC is committed to successfully meeting NASA's mission requirements and continuing its evolution into a multiuser spaceport that supports NASA's missions and facilitates the continued growth and development of the commercial space industry. The Center is proactively and effectively arranging for divestment of facilities without diminishing needed capabilities. The long-term strategy to expand United States access to space and stimulate the development of the domestic launch industry is gaining traction and reducing operating costs. KSC remains committed to meeting our Nation's goals in space with careful stewardship of our critical resources and wise investment of taxpayer dollars. NASA is making strides toward these goals through the transformation of KSC into a multiuser spaceport of the future where both government and commercial space operations can be conducted and can support one another.

Mr. MICA. That was very brief, but we will start with that.

Now, she looks very young, but she is also a general, General Armagno from the Air Force, and she was also with us yesterday. I think we ruined everybody's Sunday here, but thank you again for your hospitality and showing us your area of responsibility at the Patrick Air Force Base section here adjacent to the Space Center.

You are recognized.

STATEMENT OF BRIGADIER GENERAL NINA ARMAGNO

General ARMAGNO. Mr. Chairman and distinguished members of today's hearing, it is my honor to be here representing Cape Canaveral Air Force Station and Patrick Air Force Base as the Commander of the 45th Space Wing and the Director of the Eastern Range.

It is also my privilege to appear among my colleagues this morning to address the management of real property here at the world's premiere gateway to space.

Every day, our nation, and especially our military personnel, rely on vital space-based products launched just across the river from where we sit. The rich heritage, geographic advantages, and resident expertise of Cape Canaveral Air Force Station, and the entire space coast for that matter, make it an attractive location for private-sector customers.

Many commercial companies not only want to operate at our site but seek unused facilities to occupy. We give careful consideration to every request. We take our responsibility to manage our resources seriously by adhering to national space policies, public law, Department of Defense regulations, and Air Force guidelines. We lean forward to make excess or underutilized Eastern Range assets available when feasible.

We understand many government approval processes are daunting, and we have attacked this issue over the past several years, attempting to balance the government's need for information and the need for timely responses that private entities depend on to be competitive.

Our wing's front-door process welcomes representation from commercial companies, DOD-sponsored contractors, educational institutions and other private entities who are researching possible operations at our location.

Space Florida, who is here with us today, has been a valuable partner and instrumental in guiding some of these customers through those actions. We have worked with Space Florida to facilitate their investment in up-front environmental reviews, explosive sitings, Air Force space command, space operations support agreements, and real property licenses for two space launch complexes.

We are also pursuing with Space Florida licenses for additional facilities which could be used to prepare launch vehicles for flight. This investment clears several time and financial obstacles for future commercial companies wishing to operate at those locations.

I am committed to working closely with our partners you see before you, the customers we are in contact with today, and those to come in the future to ensure we continue to fully utilize the vital resources we have been entrusted with.

Despite challenges brought on by our fiscal realities, my priorities remain 100 percent mission success, igniting innovation, and deliberately developing the outstanding men and women of Team Patrick Cape.

I thank the committee for your steadfast support of the men and women of the 45th Space Wing and our Air Force and our space mission. Thank you, Mr. Chairman.

[Prepared statement of General Armagno follows:]

DEPARTMENT OF THE AIR FORCE

**PRESENTATION TO THE OVERSIGHT AND GOVERNMENT REFORM
COMMITTEE
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
U.S. HOUSE OF REPRESENTATIVES**

**SUBJECT: NASA's MANAGEMENT OF ITS REAL PROPERTY HOLDINGS
LOCATED AT CAPE CANAVERAL AIR FORCE STATION**

**STATEMENT OF: BRIGADIER GENERAL NINA M. ARMAGNO
COMMANDER, 45TH SPACE WING**

FEBRUARY 10, 2014

**NOT FOR PUBLICATION UNTIL RELEASED BY THE
OVERSIGHT AND GOVERNMENT REFORM COMMITTEE
SUBCOMMITTEE ON GOVERNMENT OPERATIONS
U.S. HOUSE OF REPRESENTATIVES**

On behalf of the almost 10,000 military, government civilian and contractor personnel who work on our installations, and who make up Team Patrick-Cape, thank you for the opportunity to appear before you today to discuss our management of real property holdings located at Cape Canaveral Air Force Station.

As Commander of the 45th Space Wing and Director of the Eastern Range, my responsibilities include ensuring required Range assets, such as radars and telemetry sites, are ready to support a variety of missions. These not only include the space launch mission of our government's national security payloads, but also all NASA human spaceflight, research and exploration missions and Navy missile test and commercial launches. We expect 2014 to be one of our busiest years with over 20 launches scheduled.

Every day, our nation, and especially our military personnel around the world rely on vital space-based products that begin their journey just across the river from where we sit today. The same goes for space capabilities that are part of our citizens' daily lives such as the global positioning system (GPS). We're proud that every GPS satellite since 1989 was launched from Cape Canaveral Air Force Station.

As managers of such crucial national assets as Cape Canaveral Air Force Station and the Eastern Range, we are well aware of our reliance on multiple partners to accomplish our mission. Thousands of government contractor personnel support the operation and maintenance of Eastern Range instrumentation encompassing 15-million-square miles to include island locations more than 5,000 miles from the coast of Florida. At Cape Canaveral Air Force Station alone, we have more than 1,600 facilities and 16,000 acres of land.

Managing such a large number of facilities at Cape Canaveral Air Force Station is an on-going challenge. These facilities range from expansive hangars, to multi-story satellite and

launch processing facilities all the way down to a facility no larger than 100 square feet. Most of these were built over fifty years ago and are located in a marine environment where corrosion, heavy rain and high winds are constant adversaries.

While addressing these challenges, our team of 45th Space Wing personnel and dedicated United Launch Alliance contractors continue to successfully process and launch the Delta IV and Atlas V rockets. These rockets are the two pillars of our nation's medium and heavy space-lift capability. Building on a number of Falcon 9 successful launch campaigns from Complex 40, we are excited about our relationship with SpaceX, which has a robust 2014 launch manifest for the Eastern Range. In addition, we have a great partnership with NASA's Kennedy Space Center, as well as our local Economic Development Commission and Space Florida who assist us in ensuring commercial companies are able to successfully navigate the government approval processes in order to operate at the Cape.

We also receive outstanding local military launch support from the 920th Rescue Wing, Naval Ordnance Test Unit and the Cape Canaveral Coast Guard Station, all of whom bring much-needed and invaluable support to our number one priority here at the 45th Space Wing: Achieving 100 percent mission success.

The rich heritage, geographic advantages and resident expertise of Cape Canaveral Air Force Station and the entire Space Coast, make it an attractive location for private sector customers. Many commercial companies not only want to operate at our site, but seek unused facilities to occupy. We give careful consideration to every private entity request and weigh a multitude of factors in our decisions.

Whenever an organization vacates a facility, we must consider the viability of future occupants based on anticipated government needs, the structure's condition and associated

maintenance costs, and the potential environmental and community effects of foreseeable future uses or demolition. To facilitate these decisions, our Civil Engineer squadron leads a Facility Utilization Board process including local wing leaders and input from Air Force Space Command experts, base tenants and other interested government parties.

If the Board cannot identify a current or near-term government requirement for a particular facility, providing it meets certain criteria, it can be considered for private-sector interests in support of commercial space activities. At that point, we make those facilities available for possible real property license or lease to a private interest willing to take on the operations and maintenance cost of the facilities or we seek funding for its demolition. It is in the Air Force and the taxpayer's interest to actively pursue both of these options. As our wing operating budgets continue to shrink, the costs of maintaining unneeded facilities drains resources away from other mission-essential requirements.

To make a facility available to a private entity, foremost, we must decide if the prospective tenant's operation is a good fit for co-location with the Air Force. Doing business on a limited-access military base in the shadow of active launch pads and hazardous processing operations presents security, safety, environmental and mission assurance challenges for both the prospective tenant and the 45th Space Wing.

Also, we must ensure that requests for launch property, in support of commercial launch activities, are accompanied by a statement that no U.S. domestic firm can reasonably provide substantially equivalent facilities. The statement must contain enough information to allow the wing commander to ensure the provision of Air Force property will not result in giving any commercial user an unfair competitive advantage. In addition, the wing commander is required to determine if the launch property being requested will be used to support Federal Aviation

Administration-licensed space activities, is compatible with Air Force/federal activities, and is consistent with public safety, environmental responsibilities, and national security and international treaty obligations.

We take our responsibility seriously in national space policy and other Department of Defense (DoD) and Air Force guidance to lean forward in making excess or underutilized Eastern Range assets available to private entities when feasible. Our recent history offers many examples of how we've purposefully moved towards that goal.

Launch facilities are a good starting point. Of our current active, or most viable launch pads: two of them, Complexes 37 and 41, host a DoD and commercial partnership; one, Complex 40 is licensed by a commercial space company, SpaceX, and Space Launch Complexes 36 and 46 are licensed to Space Florida, specifically to foster future commercial launches. To date, we have licensed or leased more than 850,000 square feet of Air Force facilities representing approximately 25 percent of our total square footage. Of the other launch complexes at Cape Canaveral Air Force Station, only a few are realistic candidates for additional launch programs. They are either targeted for future long-range development, have safety and environmental issues or high renovation costs. We also have other areas that could be developed for future launch sites in support of government or commercial launch activities.

We have also made booster and satellite processing facilities available to private entities. SpaceX now licenses Hangar AO in our industrial area and just recently signed a license for our Large Processing Facility (LPF), once the home of the Titan IV rocket program, which allows them to process their payloads. In addition, we have leased a processing facility to Space Florida to process solid propellant launch vehicles for commercial companies performing test launches at Cape Canaveral Air Force Station. Future initiatives include making additional government

satellite processing facilities on Cape Canaveral Air Force Station available for lease to commercial companies using competitive processes such as like enhanced use lease (EUL) authorities. In addition to satellite processing facilities, our Air Force Civil Engineering Center is performing an Opportunity Assessment for the Cape Canaveral Air Force Station port area, which could lead to a future EUL. Two other EUL opportunities we're pursuing include property in Puerto Rico and here locally in Palm Bay, FL.

Our Wing Plans and Program office maintains our "Front Door Process" and frequently hosts representatives from commercial companies, DoD-sponsored contractors, educational institutions and other private entities who are researching possible operating locations. In recent years, many of those customers were approved, some to pursue major launch activities while others have successfully performed limited tests, training exercises and research at Cape Canaveral Air Force Station locations. Many other companies are in the early stages of development and are eager to return when their programs mature.

We understand that many government approval processes are daunting. We have attacked this issue over the past several years, attempting to balance the government's need for detailed information on rockets fueled with hazardous commodities carrying billion dollar payloads with the limited resources and need for timely responses that many of our private entities depend upon to be competitive.

We spent the last several years revising and streamlining our range approval processes to make it easier for companies and organizations to navigate. Space Florida has been a valuable partner in guiding these customers through their actions. To that end, our Wing Safety office has tailored their extensive new program requirements to more expeditiously approve new customers.

We have worked with Space Florida to facilitate their investment in up-front environmental reviews, explosive siting and Air Force Space Command commercial support agreements for their two leased launch pads. This investment clears several time and financial obstacles for future commercial companies wishing to operate at those locations.

Working with our federal mission partners, we are constantly examining facility utilization. With our NASA partner, the Kennedy Space Center, we are working to acquire some of their excess facilities located on Cape Canaveral Air Force Station which meet our mission needs. The mission of the Naval Ordnance Test Unit (NOTU) located on Cape Canaveral Air Force Station has recently grown and through our facility space allocation process, we are providing real property permits to NOTU which were once used by the Delta II program. We made land available for the National Reconnaissance Office's new processing facility and we're also actively working with the National Guard Bureau and the Florida Air National Guard for a location for their new mission.

We have achieved all these successes while maintaining focus on our primary mission, assuring our nation's access to space. Our two current rockets, the Delta IV and Atlas V, have operated more than a decade without a catastrophic launch failure. We are also charged with ensuring public safety during our operations. Our record speaks for itself—there have been no launch-related fatalities to the public in over fifty-five years of space launches at Cape Canaveral Air Force Station.

We will continue to safeguard our personnel, the surrounding community, the wildlife and environment of our bases and ensure we do our business in an efficient and effective manner. We have revised our long-range installation development plan to incorporate potential new sites for commercial launch and processing facilities. We will also continue to work with

our neighbors such as the Canaveral Port Authority on important initiatives. Our recent agreement with the Port Authority that facilitated a channel-widening project will foster future economic growth. Finally, we strive to ensure facilities excess to our needs are made available to private entities when feasible or demolished when funds are available.

As always, we appreciate the tremendous support we get from Congress. The 2013 update to Title 10 section 2276 (commercial space launch cooperation) is one example of how Congress has given us greater freedom in partnering with the private sector. Thank you for your unwavering support of the men and women of the United States Air Force and of our space launch mission here at the 45th Space Wing. With that, I conclude my statement, and I welcome your questions.

Mr. MICA. Thank you.

And now, back from a return engagement from an empty and vacant—I think we are going on six-year Dyer Courthouse in Miami. We did two hearings there. But it is nice to see you, Mr. Smith. Not only will I have some questions about where we are but where you have been.

You are welcome and recognized, Mr. Smith.

STATEMENT OF JOHN SMITH

Mr. SMITH. Thank you, Mr. Chairman. Good morning, Chairman Mica and other distinguished members here today. My name is John Smith. I am the Public Buildings Service Regional Commissioner for GSA's Southeast Sunbelt Region. Thank you for the opportunity to join you here today at Kennedy Space Center to discuss GSA's ongoing effort to assist NASA in the disposal of its unneeded real estate.

As one of more than two dozen major Federal landholding agencies, GSA manages only about 375 million of the nearly 3.3 billion square feet of space under the government's control. However, we have the statutory authority to acquire, manage, utilize, and dispose of real property for most agencies.

Within our own inventory, we have disposed of over 100 GSA-managed properties nationwide, and we received over \$160 million in receipts for the Federal Buildings Fund since 2008, while avoiding more than \$170 million in liability costs. Here in the Southeast Sunbelt Region, we have disposed of eight buildings to avoid more than \$47 million in future maintenance and repairs, and generated approximately \$17 million in sales.

In addition to managing our own inventory, GSA is the primary real property disposal agent for the Federal Government. We work aggressively to identify and target unneeded assets for our partner Federal agencies.

GSA also provides strategic direction to agencies seeking to remove properties from their own inventories. We assist agencies by developing a tailored disposal strategy specific to an asset's characteristics, environmental laws, issues, community interests, market conditions, and other factors that influence the repositioning of unneeded real estate.

When preparing a property for public sale, GSA develops marketing plans that optimize public offering. We use tools and techniques designed to reach a very broad audience and, when applicable, we target specific interests.

While GSA has the expertise to navigate properties through the disposal process successfully, each individual landholding agency is responsible for making its own asset management decisions as to whether a property is excess to its needs.

In the last five years, GSA has disposed of 713 Federal assets on behalf of GSA and other Federal agencies. GSA conducted the majority of these disposal actions through public sales on realestatesales.gov, which provides a cost-effective way to reach a wide dissemination of developmental interests and maximize the return for taxpayers. Most of these properties were not assets under GSA's jurisdiction, custody, or control.

In Cape Canaveral, GSA is assisting NASA in developing asset management, utilization, and disposal strategies for unneeded facilities within the John F. Kennedy Space Center. Upon closure of the space shuttle program in 2011, NASA began exploring ways to balance a reduction of the agency's real estate footprint and operations and maintenance costs while assuring that they retain facilities that may be needed in future missions. While NASA has its own land-holding authorities, it utilizes GSA's to dispose of real property. To that end, NASA has engaged GSA to help develop strategies for disposition of its facilities at this site.

Thus far, GSA has provided appraisal and appraisal review services to assist with asset management planning for a wide variety and range of facilities here and at the Cape Canaveral Air Force Station.

Additionally, we have received reports of excess for four facilities. Together, these facilities account for approximately 54,000 square feet of space.

GSA is now reviewing NASA's report of excess and will begin the disposal process. Our next step is Federal screening for each asset. We understand that the Air Force may express interest in acquiring the properties.

If NASA reports additional facilities as excess, we will assist in collecting due diligence and run the properties through the disposal process. If there is no expression of Federal need for any of the facilities, GSA will conduct Federal screenings for the homeless under McKinney-Vento and available public benefit conveyance programs and, depending on the outcome of that review, market the properties and identify potential buyers.

GSA's Southeast Sunbelt Region is pleased to assist with these efforts. We will continue to work with NASA and provide effective management and disposition of its unneeded real estate assets at Cape Canaveral and across the country. We look forward to working with this committee as this effort continues.

On behalf of GSA's Public Buildings Service and the Southeast Sunbelt Region, thank you for the opportunity to be here. I am happy to answer any of your questions.

[Prepared statement of Mr. Smith follows:]



U.S. General Services Administration

John Smith
Regional Commissioner
Southeast Sunbelt Region
Public Buildings Service

Committee on Oversight and Government Reform
Subcommittee on Government Operations
"NASA disposals at Cape Canaveral"
February 10, 2014

Introduction

Good morning Chairman Mica and members of the Subcommittee. My name is John Smith, and I am GSA's regional commissioner for the Public Buildings Service in the Southeast Sunbelt Region.

Thank you for the opportunity to join you today at the Kennedy Space Center to discuss GSA's ongoing efforts to assist the National Aeronautic and Space Administration (NASA) in the disposal of its unneeded real estate.

GSA is focused on its mission of delivering the best value in real estate, acquisition, and technology services to government and the American people. To meet this mission, GSA is working with our partner federal agencies across government to improve utilization and reduce space requirements by effectively managing our assets and pursuing innovative real property proposals that will deliver better space to Federal agencies.

Better Utilizing Federal Real Estate

The Administration has moved aggressively to ensure that Federal agencies better utilize their real estate. In 2010, President Obama established an \$8 billion goal, made up of a combination of \$3 billion in general governmentwide real estate savings and \$5 billion in BRAC-related savings. In 2011, President Obama transmitted a proposal to Congress to create a Civilian Property Realignment Board.

Since that time, the Administration has continued its emphasis on improving the management of Federal space by implementing its Freeze the Footprint initiative, requiring that agencies halt office or warehouse space growth. Agencies must offset any increase in total square footage within their civilian real estate through consolidation, co-location, or disposal of space. Agencies are also required to create long-term real estate plans and institute stricter internal controls to encourage greater coordination across agency components.

These initiatives improve the Federal Government's management of real estate, ensure that agencies make cost-effective decisions, and save taxpayers' money.

GSA's Asset Management

As one of more than two-dozen major Federal landholding agencies, GSA directly manages only about 375 million of the nearly 3.3 billion square feet of space under the government's control. However, we have the statutory authority to acquire, manage, utilize, and dispose of real property for most federal agencies.

In GSA's capacity, we supply office space to other Federal agencies in support of their missions. We have a robust asset management program to track the utilization of our inventory, strategically invest in our assets as needed, and aggressively dispose of unneeded assets. When we identify vacant space in areas where a continuing Federal need exists, GSA works aggressively to reuse the asset, renovating as necessary, to achieve greater utilization. As a result of our efforts, our vacancy and utilization rates lead the market average.

Within our own inventory, we have disposed of 102 GSA-managed properties nationwide and received \$166.6 million in receipts for the Federal Buildings Fund since 2008, while avoiding more than \$171 million in liability costs. Here in the Southeast Sunbelt Region, we have disposed of eight buildings since 2008. Of those, we sold three properties at public auction to generate approximately \$17 million in sales proceeds.

GSA as the Government's Disposal Agent

In addition to managing our own inventory, GSA is the primary real property disposal agent for the federal government. We long have worked aggressively to identify and target unneeded assets for disposal within our authority to dispose of most Federal real property government-wide.

GSA provides strategic direction to agencies and oversees the development of programs related to the utilization and disposal of federal excess and surplus real property government-wide. We have specialized skills to assist agencies by developing tailored disposal strategies specific to an asset's characteristics, environmental issues, community interests, market conditions, and other factors that influence the repositioning of the unneeded asset. Similarly, when preparing a property for public sale, GSA develops marketing plans that optimize the public offering. We use tools and techniques designed to reach very broad audiences and, when applicable, we target specific niche interests.

While GSA has the expertise to navigate properties through this disposal process successfully, each individual landholding agency is responsible for making its own asset management decisions as to whether a property is excess to its needs.

In the last 5 years, GSA has disposed of 713 Federal assets on behalf of GSA and other Federal agencies. GSA managed and conducted the majority of these disposal actions through public sales on www.realestatesales.gov, which provides a cost-effective way to reach the widest possible developmental interests and maximize the return for taxpayers. Most of these properties were not assets under GSA's jurisdiction, custody, or control.

GSA's work for NASA

In Cape Canaveral, the Southeast Sunbelt Region is assisting NASA in developing asset management, utilization, and disposal strategies for unneeded facilities within the John F. Kennedy Space Center.

Upon the closure of the space shuttle program in July 2011, NASA began exploring ways to balance a reduction of the agency's real estate footprint and operations and maintenance costs while assuring that they retain facilities that may be needed to support future missions. While NASA is an agency with land-holding authorities, it utilizes the Property Act authority to dispose of real property. To that end, NASA has engaged GSA to help develop strategies for disposition of its facilities at this site.

Thus far, GSA has provided appraisal and appraisal review services on a reimbursable basis to assist with asset management planning for a wide range of facilities here and at the Cape Canaveral Air Force Station.

Additionally, we have received reports of excess for the following four facilities: the Storage Building and Blockhouse; the Concrete Storage Basin; the Paint Storage Building associated with Hangar L; and the Pressure Proof Test Cell Storage Building. Together, these four facilities account for approximately 54,000 square feet of space. Air Force transferred each of these buildings to NASA between 1965 and 1982.

GSA is now reviewing NASA's reports of excess and will begin the disposal process for them. Our next step is screening each facility for potential federal needs. In the case of these four properties, we understand that the Air Force may express interest in acquiring the properties.

If NASA reports additional facilities as excess, we will assist in collecting due diligence and run the properties through the disposal process. If there is no expression of federal need for any of the facilities, GSA will conduct screenings for the homeless under the McKinney-Vento Homeless Assistance Act¹ and available public benefit conveyance program, and, depending on the outcome of that review, market the properties and identify potential buyers.

Conclusion

GSA is committed to carrying out its mission of delivering the best value in real estate, acquisition, and technology services to our federal partner agencies. We will continue to aggressively manage our own assets, while also pursuing innovative new processes to better utilize the Government's inventory.

The Southeast Sunbelt Region is pleased to assist with these efforts, and we will continue to work with NASA to provide effective management and disposition of its unneeded real estate assets at Cape Canaveral and across the country. We look forward to working with this Committee as this effort continues.

On behalf of GSA's Public Buildings Service and the Southeast Sunbelt Region, thank you for the opportunity to be here. I am happy to answer any questions.

¹ 42 U.S.C. 11411.

Mr. MICA. Thank you. As I said, we will withhold questions. We will hear from Jim Kuzma, Chief Operating Officer of Space Florida.

Welcome, and you are recognized, sir.

STATEMENT OF JIM KUZMA

Mr. KUZMA. Thank you, Chairman Mica and members of the subcommittee, for the opportunity to discuss Florida's perspective regarding Federal property that has supported the nation's space program but now lies underutilized and not needed for NASA's mission.

Thank you, Representative Posey of the House Committee on Science, Space, and Technology, and its Space Subcommittee, for your presence here today and for your strong interest in past work in this area.

In addressing this objective, I want to first acknowledge the efforts and progress the Kennedy Space Center has made to transition unneeded property.

I also want to acknowledge the positive efforts of the Air Force to transition unneeded assets at Cape Canaveral and to work to address processes and procedures valuable to the commercial industry. We commend the continuing efforts to optimize the use of the Eastern Range.

There are some very good people doing their very best to navigate solutions through a very complex situation, but there is more to be done. Change is hard, but change is imperative to face an industry and global marketplace that is rapidly evolving. We are focused on the long-term view that embraces and facilitates the spirit, agility, and business acumen of America's space industry entrepreneurs, not just a short-term transition. Cost-effective and reliable access to space is crucial for U.S. competitiveness.

What to do with the unneeded assets at KSC is a matter of utmost importance to the future of U.S. competitiveness. The 140,000 acres that comprises Kennedy Space Center was acquired by the government in the 1960s to support the nation's space program. Federal assets that are not needed now to meet mission requirements are still vital to the U.S. space transportation system.

Space Florida's spaceport authority is its focal point for business development and growth in the U.S. industry here in Florida. We have broad statutory authorities and a full range of capabilities that are being used to support our commercial customers with our partners here at the Cape.

Florida has been a leader in integrating space transportation into the fabric of our nation's transportation system. Our colleagues in Virginia, Alaska, and California have likewise demonstrated a willingness to assume responsibility for elements of U.S. space transportation development and operations.

Congress has embraced a role for the states in helping to promote and facilitate the nation's space transportation infrastructure and directed NASA to reduce their footprint to be consistent with defined missions and resources.

In March 2013, Senator Rubio introduced a unanimously adopted "Sense of the Senate" resolution that NASA should pursue opportunities such as expedited conveyance or transfer to a state or polit-

ical subdivision unneeded assets in order to promote commercial and scientific space activity.

We are working with our colleagues at the Commercial Space Federation to offer suggestions for updates to the Commercial Space Launch Act that would enhance the effectiveness of state participation, streamline the transfer of unneeded Federal property, and strengthen reporting requirements on efforts of various agencies to promote the country's commercial space industry.

Through a combination of state funding and Space Florida's special district financing powers, Florida has provided more than \$500 million to the transition of underutilized and unneeded property at both the Kennedy Space Center and the Cape. Some notable investments are highlighted in my written testimony to the subcommittee. Space Florida is now focused on the establishment of a state-facilitated, state-managed commercial space transportation capability to address the U.S. industry need for both vertical and horizontal facilities that can effectively compete internationally.

The two components of this initiative are the proposed Shiloh launch complex, which would be located KSC's northern boundary, and the former Shuttle Landing Facility. The state's vision for both is a commercial operation by Space Florida and its partners under FAA spaceport licensing and regulatory authority.

It is Space Florida's goal to provide a vertical launch site option to the commercial launch providers on land which is not under the jurisdiction of a Federal installation or Federal range. The need for such an option by the industry has been articulated by U.S. companies such as SpaceX, which is investigating alternative sites in Texas, Georgia, and elsewhere, in addition to ours here in Florida.

Further, we believe that our proposed use is compatible with the longstanding conservation uses that have been established through NASA's management agreement with the U.S. Fish and Wildlife Service and the National Park Service.

With regard to the shuttle landing facility, we have shared with NASA a number of specific concepts and approaches we believe are crucial to achieve a sustainable business model and compatible operations with ongoing Federal activities. I will highlight a few points of critical importance to the state to define the mutually beneficial partnership.

Space Florida needs the freedom to manage and operate the facility in accordance with FAA standards. We propose to fully conform to other applicable Federal laws and regulations, but ask that the jurisdiction and laws of Florida apply.

As responsible stewards of Florida's taxpayer resources, we seek a reasonable opportunity to achieve a sustainable, self-supporting business model that allows us to effectively compete for and competitively service the specialized users we seek to attract. Other states and nations are vying for this industry and Florida hopes not to be disadvantaged by the location of its spaceport site on Federally-owned land.

Florida needs clear rights to develop, improve, and sustain the infrastructure, doing so in an environmentally responsible way, for as long as the state may need the capability to support the industry and its users. There should be an opportunity for return on in-

vestment and security in the long-term opportunity for sustained operations.

The capability of commercial launch providers to operate independently from a Federal installation and range, at a site where they are in control of their own fate in meeting schedule commitments to their customers, is paramount to their ability to compete in the marketplace. We agree with NASA's IG that the agency's culture and business practices have been a significant impediment. The overarching strategy for the future is sometimes confused. Every agreement with a new facility is begun with a separate and unique transaction with different goals and outcomes. This results in confusing and complex contract development and management.

The Inspector General also identified a "keep it in case you need it" approach as among the agency's response to uncertain requirements, and a NASA culture and governance structure that has blurred the lines of authority and limited NASA's ability to assess infrastructure needs from an overarching Agency perspective.

We believe that the best success and best practices in disposal of unneeded Federal property can be found in the base realignment and closure process and other transfers of former defense facilities such as airports and seaports, a model that looked past short-term revenue generation options to a transition and divestiture of unneeded property, unneeded and underutilized property and its liability from the property list of the services without tails and claw-backs.

The model also provided DOD with tools, allowing them to respond as a partner where the future of a community was adversely impacted by government decision.

GSA has also delegated transfer authority in some of these through a public benefit conveyance process to place important transportation assets in the hands of a state or local entity. Some great examples may be found in California's Mojave Spaceport and Civilian Aerospace Test Center, Cecil Spaceport in Jacksonville, and the Ellington Field Airport in Houston. All have been success stories economically.

Florida is committed to working with the Federal Government to seek ways to both reduce the Federal property liability and improve utilization of the land for its intended purpose. This can be done without compromising the overall balance of land uses which sustains stewardship of the environment, and without compromising NASA's ability to perform current or future missions.

I thank you again for requesting a Florida perspective on the matter we are discussing today. I look forward to continuing to be a resource to the committee, your staff, and the Florida delegation whenever needed. I am pleased to answer any questions you may have.

[Prepared statement of Mr. Kuzma follows:]

**HEARING OF THE HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM
Subcommittee on Government Operations**

**“Transitioning Unneeded Federal Property at John F. Kennedy Space Center”
February 10, 2014**

**Testimony by Jim Kuzma
Senior Vice President & Chief Operating Officer of Space Florida**

Thank you Chairman Mica, Ranking Member Connolly, and members of the Subcommittee on Government Operations for the opportunity today to discuss a State perspective regarding federal property that has supported the nation's space program but now lies underutilized or not needed for NASA's mission.

Thank you Rep. Posey, of the House Committee on Science, Space, and Technology, and its Space Subcommittee, for your presence here today and for your strong interest in this subject.

The Congress has provided clear direction to NASA, as well as to other federal agencies, to reduce their facilities and real property footprint to be consistent with their defined missions and the limitations of federal budget resources.

In addressing what we believe has been and still needs to be done to meet this objective, I first want to acknowledge the efforts and progress that NASA, and in

particular Kennedy Space Center (KSC), has made to transition unneeded and underutilized federal launch and launch-related property. I likewise wish to acknowledge the positive efforts of the U.S. Air Force to transition its unneeded and underutilized assets at the Cape Canaveral Air Force Station (CCAFS) adjacent to KSC, along with their work to address outdated and inefficient rules and procedures, and continuing efforts to optimize the use of Eastern Range.

There are some very good people doing their very best to navigate solutions through a very complex ocean of government property law, regulation, and an ill-defined bureaucratic process.

Framing the Issue: A State Perspective

Change is hard, but change is imperative to face an industry and global marketplace that is rapidly evolving. Many other countries are challenging the U.S. for leadership in the expanding economic frontier of space. A transportation network that enables cost-efficient and reliable access to that frontier is crucial to U.S. competitiveness. We are all aware of the significant progress that overseas competitors have achieved, and their current dominance of market share for launch services.

There are, however, encouraging trends. In U.S. companies like SpaceX, Blue Origin, and XCOR, we are seeing the strength of American entrepreneurship, and the resilience of our capacity to invent and innovate. We are seeing that private capital is building new American rocket engines, new American launch vehicles, and with the

assistance of state space authorities, new American launch sites and modernized facilities.

What to do with the unneeded federal property assets at the Kennedy Space Center is a matter of utmost importance to the future of U.S. competitiveness in this industry. The 140,000 acres that comprises KSC was acquired by the government in the 1960s to support the nation's space program, and more specifically for programs like Apollo and Space Shuttle which no longer exist. But federal property assets that are not needed, or are underutilized in light of new NASA mission requirements and constrained federal budgets, are still needed by the nation as a crucial component of the U.S. space transportation system.

We urge the subcommittee to view the disposition of unneeded and underutilized federal property at KSC from that perspective. We believe the State together with our industry partners can help define the right approach to achieve both goals – a reduction in the NASA footprint and facilities budget, and a transition of assets to State and industry ownership and operation as capabilities of a shared national resource.

Florida's capability and experience to assist this effort

Space Florida serves as the State's spaceport authority and its single focal point for enabling the growth of the U.S. space and aerospace industry to benefit the economy of both our state and our nation. Space Florida has been given broad statutory authorities that include the powers to finance, own, develop, and operate launch facilities and

ranges, reentry sites, and the full range of capabilities needed to support the evolving space transportation and advanced aerospace systems.

We have gained extensive experience in facilitating with our industry partners the effective retooling of former NASA and Defense Department assets at both KSC and CCAFS. We have developed and operate new capabilities on previously underutilized or unneeded property.

An Opportunity to Expand the Role of the States

Florida has been a leader in planning and enabling the integration of space transportation into the fabric of our nation's transportation system and mainstream economy. But we are certainly not alone. Our colleagues in Virginia, Alaska, and California have likewise demonstrated a willingness to assume responsibility for former federal assets and rebuild them as non-federal elements of U.S. space transportation development and operations.

Congress has embraced a role for the states in helping to promote and facilitate the nation's space transportation infrastructure. In the Commercial Space Launch Act (CSLA), Congress found that "the participation of State government in encouraging and facilitating private sector involvement in space-related activity, particularly through the establishment of a space transportation-related infrastructure...is in the national interest and is of significant public benefit."

In March 2013, the Senate unanimously passed a "Sense of the Senate" as part of the FY 2014 Budget Resolution that NASA should pursue opportunities for streamlined sale

or lease of property and facilities, including the "expedited conveyance or transfer to a State or political subdivision, municipality, instrumentality of a State, or Department of Transportation-licensed launch site operators for the promotion of commercial or scientific space activity and for developing and operating space launch facilities."

As a member organization of the Commercial Spaceflight Federation, we are working with our colleagues to offer suggestions to the Space Subcommittee for updates to the CSLA that would enhance the effectiveness of state participation in meeting these national goals and streamline the transfer of unneeded federal property.

Some examples of how Florida has already engaged in property transfer

Through a combination of State funding and Space Florida's special district financing powers, Florida has provided more than \$500 million to transition underutilized or unneeded property at KSC and Cape Canaveral Air Force Station. Some notable investments are those that enabled re-development of the Air Force's Evolved Expendable Launch Vehicle (EELV) launch infrastructure; the re-purposing and re-construction of Complex 40, once a Titan launch pad, for its reuse in commercial services supporting International Space Station resupply. We funded, built, and now operate the Space Life Sciences Laboratory and Exploration Park at KSC, which are supporting government and commercial utilization of the International Space Station (ISS), and we built the only hangar facility at the Shuttle Landing Facility in anticipation of the needs for new uses and users after the Shuttle retirement.

More recently, Space Florida assumed full responsibility for the re-fitting, maintenance, and operation of a former Shuttle processing hangar, Orbiter Processing Facility 3 (OPF-3), and two associated facilities no longer needed by NASA.

Through those efforts, the government shed its cost liability for a vacant facility it had targeted to demolish, and at no cost to NASA, the former Shuttle facilities will now house the planned commercial crew assembly and processing operations by Boeing.

Current Initiatives that can help pave the way forward

Space Florida is now focused on the establishment of State-facilitated, State-managed commercial space transportation capabilities utilizing other unneeded KSC property. These capabilities are being pursued to address the U.S. industry need for both vertical and horizontal launch facilities that can effectively compete internationally for commercial space transportation services.

The two components of this initiative are the proposed Shiloh launch complex, which would be located on 200 acres of KSC's property near its northern boundary, and the former Shuttle Landing Facility, which we have proposed be turned over to the State for development and operation as a Horizontal Launch and Landing Facility enabling next generation space and advanced aerospace platforms.

State vision for transition of the SLF as an unneeded NASA asset

The State's vision is for commercial operation by Space Florida and its partners. The former SLF would be operated under Federal Aviation Administration (FAA) spaceport licensing and regulatory authority, as a unique, shared-use facility that would allow

privately-operated flight systems to meet the diverse needs of government and commercial customers. Through cooperative partnering and coordinated operations with the U.S. Air Force and Federal Aviation Administration, our goal is to enable reliable access to a controlled airspace environment ideally suited to evolve spaceflight and aerospace transportation management.

Users of this Horizontal Launch and Landing Facility (HLLF) would include companies such as XCOR, Virgin Galactic, Sierra Nevada, Stratolaunch, as well as government programs and projects. Their customers would include federal agencies, commercial spacecraft providers, aerospace platform operators, research organizations, and private individuals who want to experience spaceflight. All would benefit from the State's creation of an operating environment favorable to investment, innovation, and the evolution of ever-more cost effective systems and services.

In September 2012, Space Florida submitted to NASA and the Department of Transportation a request for conveyance of property required for the proposed Shiloh launch complex, and for the appropriate acreage and existing improvements of the former Shuttle Landing Facility. In addition, we responded to the NASA request for parties willing to take over the operation and maintenance of the former Shuttle runway.

Based on a NASA evaluation of responses to its request, Space Florida was officially notified and selected to enter negotiations for an agreement to transfer the SLF asset to Space Florida. We have since shared with NASA a number of concepts, approaches, and proposed specific terms and conditions that we believe are important to achieve a

viable transition of the facility and its successful utilization by both government and commercial customers through a sustainable business model.

NASA has been formulating its thoughts and is finalizing a draft agreement document we expect to soon see. We have had productive dialogue and information exchanges, and we look forward to the NASA proposal and reaching a mutually beneficial partnering arrangement.

I will highlight a few key points that are of critical importance to the State to define that mutually beneficial partnership and support growing the commercial space industry:

1. Space Florida needs the freedom to manage and operate the facility in accordance with FAA spaceport license requirements and other applicable FAA standards. We propose to fully conform to Occupational Safety and Health Administration (OSHA), Environmental Protection Agency (EPA), and other applicable federal laws and regulations, but ask that the jurisdiction and laws of Florida apply to the land and facilities we become responsible for. We seek to manage the facility, to the greatest degree possible, administratively independent of the NASA field installation policies, procedures, and oversight control.
2. As responsible stewards of Florida taxpayer resources, we seek a reasonable opportunity to achieve a sustainable, self-supporting business model by establishing a commercial operating environment that allows us to effectively compete for and competitively service the specialized users we seek to attract.

Other states and nations are vying for this industry and Florida hopes to not be disadvantaged by the location of its spaceport site on federally-owned land.

3. Florida needs clear rights to develop, improve, and sustain the infrastructure – doing so in an environmentally-responsible way – for as long as the State may need the capability to support the industry and its users. The capital improvements and operating investment requirement for Space Florida and its industry partners will be substantial, and there should be an opportunity for return on that investment and security in the long-term opportunity for sustained operations.

Commercial Vertical Launch Facilities

With regard to the proposed Shiloh launch complex, we have requested that NASA return to State control a 200-acre parcel of land that is part of the 14,800 acres at the northern portion of KSC. It is Space Florida's goal to provide launch site options to commercial launch providers on land, which is not under the jurisdiction of a federal installation or federal range. The need for such an option by the industry has been articulated by U.S. companies such as SpaceX, which are investigating alternative sites in Texas, Georgia, and elsewhere in addition to ours here in Florida. The capability of commercial launch providers to operate independently from a federal installation and range, at a site where they are in control of their own fate in meeting schedule commitments to their non-federal customers, is paramount in the U.S. regaining lost market share in the satellite market, and in the emerging markets for commercial human spaceflight and other non-government markets.

We have proposed to NASA a fair-market-based land transaction to transfer title of approximately 200 acres to the State of Florida. NASA has not yet formally addressed how and on what terms it would transfer the requested property to State control, but it agreed to cooperate with the FAA on an Environmental Impact Statement to evaluate the potential impacts of the proposed vertical launch facilities.

The land we have proposed for the commercial launch site is a tract of former citrus groves in what was the community of Shiloh prior to the government's taking of the land in 1964 for the U.S. space program. One proposed launch pad would be situated in Volusia County and the other a mile and a half south in Brevard. We look forward to working with the FAA to assist with a thorough evaluation of all environmental issues and concerns, and subsequently working with the government to negotiate an appropriate land agreement should the FAA decide our launch site application can proceed.

It is the State's perspective that NASA has no definable need for this land, and that its transfer to the State for development as a commercial launch site would be appropriate to the reason the government acquired it. Further, we believe our proposed use is compatible with the long-standing conservation uses that have been established through NASA's management agreement with the U.S. Fish and Wildlife Service and National Park Service.

Nature and space have co-existed well together over the past 50 years, where the balance of land use has been only a bit more than 5% for the built environment supporting space operations, and nearly 95% remaining for conservation areas,

including portions of the Banana River, Indian River, and Mosquito Lagoon. The proposed activities of Space Florida would bring little change to this ratio.

What are some of the greatest challenges?

One year ago this week, the NASA Inspector General (IG) released an audit report and findings regarding challenges to NASA efforts in reducing unneeded infrastructure and facilities. We concur with many of the IG's observations. In particular, we agree with the IG that the agency's "culture and business practices" have been a significant impediment to the timely and effective disposition of unneeded and underutilized assets.

The IG identified a "keep it in case you need it" approach as among the agency's response to uncertain requirements, and a NASA culture and governance structure that has "blurred the lines of authority and limited NASA's ability to assess infrastructure needs from an overarching Agency perspective."

What are some of the possible solutions?

Some of the best success, and best practices, in government disposal of unneeded federal property can be found in the Base Realignment and Closure principles and outcomes.

Consider some of the successful federal transfers of former defense facilities such as airfields and seaports. The General Services Administration (GSA) has delegated federal transfer authority in some of these applications of what is known as a Public Benefit Conveyance to place economically important transportation assets in the hands of a state or local entity for their sustainment and use as part of the nation's

transportation network. Some great examples may be found in California's Mojave Spaceport and Civilian Aerospace Test Center, Cecil Spaceport in Jacksonville, and the Ellington Field Airport in Houston, which is actively seeking to become licensed as a horizontal spaceport. All of those examples are former military air facilities that were transferred to local government/special district ownership. All have been success stories economically.

I would further point out that Ellington Field, owned and operated by the City of Houston, hosts and accommodates critical NASA and Air National Guard functions and aircraft.

It seems the time is right for this type of federal land disposition approach to be examined for launch and launch-related property no longer needed for a NASA program but still of importance to the nation's space industrial base. Why not view spaceports similarly to the way the federal government has viewed air bases, and seaports?

I also recommend you encourage and facilitate the willingness of state spaceport authorities to assume responsibility for and ownership liability for unneeded federal assets by improving the direction and tools provided to the Secretary of Transportation to implement the CSLA.

Finally, the land comprising KSC should be viewed as a critical site in the nation's space transportation industrial base. Florida is committed to working with the federal government to seek ways to both reduce federal property liability and improve utilization of the land for its intended purpose. This can be done without compromising the overall

balance of land uses, with sustained stewardship of the environment, and without compromising NASA's ability to perform its current or future missions.

Conclusion

I thank you again for requesting a Florida perspective on the matter we are discussing today. Having identified a number of areas of concern from a State perspective, I again want to acknowledge and thank those in NASA and the U.S. Air Force that have worked so patiently with the State to identify opportunities and mechanisms to achieve our respective goals.

I look forward to continuing to be a resource to the committee, your staff, and the Florida delegation whenever needed. I will be pleased to answer any questions you may have of me today.

Mr. MICA. Thank you. We will get to questions shortly.
Mr. Charles Lee of the Florida Audubon Society.

STATEMENT OF CHARLES LEE

Mr. LEE. Mr. Chairman, thank you for the opportunity to testify today.

Mr. MICA. You are not picking up, Charles. Maybe a little bit closer?

Mr. LEE. Maybe now?

Mr. MICA. Yes, that is better.

Mr. LEE. Mr. Chairman, thank you for the opportunity to present this testimony today. Members of the committee, I have written testimony that I would like to ask be placed —

Mr. MICA. Without objection, it will be made a part of the record. Please proceed.

Mr. LEE. Thank you.

Mr. Chairman, members of the committee, I have been involved as an employee of Audubon now for 41 years. Audubon is our state's oldest and largest environmental organization, having been formed in March of 1900, almost 114 years ago.

During that span of time, a great part of our effort has been directed toward the conservation of the coastal resources associated with what we now know as the Merritt Island National Wildlife Refuge and Canaveral National Seashore.

The 140,000-acre Merritt Island National Wildlife Refuge exists almost entirely upon lands that are owned by NASA. In 1963, the Fish and Wildlife Service and Department of Interior entered into a cooperative interagency agreement establishing the refuge. Today, the refuge is home to over 1,000 species of plants, 500 species of birds, fish and wildlife, some 66 of which are listed by Federal and state governments as endangered, threatened, or otherwise imperiled.

Perhaps more significantly, in 2012, 1.2 million people visited the Merritt Island National Wildlife Refuge. It is one of the most popular wildlife-viewing sites in the United States and the premier viewing site on the East Coast of the United States. In addition, over 215,000 sport fishermen utilize the waters of Mosquito Lagoon. Those visits generated in excess of \$60 million of economic activity in Volusia and Brevard Counties.

I am here today to present two recommendations to you, and these recommendations come out of the fact that the basis for the continued existence of the Merritt Island National Wildlife Refuge is fragile. NASA can withdraw land from the refuge at any time and could turn it over to private interests or public interests for development purposes.

In comparison to that, in 1975, through the enactment of 93-626 Public Law, the Congress of the United States recognized it was necessary to give Canaveral National Seashore the stability of primary control over the land within the National Seashore.

Our first recommendation to you is that with regard to the land north of State Road 402, which is the access road to Canaveral National Seashore, we believe that the time has come to move that land permanently into the ownership of the Department of Interior

U.S. Fish and Wildlife Service. It is significant to recognize that these are the lands that are utilized by those 1.2 million people.

In 2012, after looking at the question of whether private industry space launch facilities should be located in the northern area north of State Route 402, a study that was conducted by NASA in 2008, in 2012 the Kennedy Space Center adopted a long-term management plan known as Kennedy Space Center Future Development Concept 2012 to 2031. This divided the natural areas within the Kennedy Space Center into two zones, Operational Buffer 1 north of State Route 402, and Operational Buffer 2 south of State Route 402.

We believe that with regard to Operational Buffer 1, it is time to seriously consider moving those lands into the ownership of the Department of Interior U.S. Fish and Wildlife Service.

With regard to Operational Buffer 2, we suggest that NASA and the U.S. Fish and Wildlife Service be directed to review the status of the larger blocks of those lands to determine which portions of this land, if any, are appropriate for ownership transfer to the Fish and Wildlife Service.

The second recommendation goes to some questions you may have heard discussed by the gentleman from Space Florida. We believe that it is very important that with regard to those 330 vacant buildings, Mr. Chairman, that you mentioned, and with regard to many thousands of acres of either developed or undeveloped land that could be developed in an environmentally desirable way for private space industry use south of State Road 402 which would not interrupt the public use of the National Wildlife Refuge, we believe that a maximum effort needs to be made to repurpose those properties for use by the private space industry and for use by Space Florida.

We would point out that in the recent controversial proposal of Space Florida to cut land out of the National Wildlife Refuge and to potentially close access to those several million visitors that are coming, that the reason given by Space Florida to move 10 miles north of NASA's launch compound is a claim that they can't work with NASA, is a claim that they can't work within NASA's security regulations or within the combined launch schedules of the Air Force or NASA.

We think, Mr. Chairman, that it is Congress' role to make sure that the bureaucracy does not require private space industry to be forced into the pristine areas of the Merritt Island National Wildlife Refuge because they cannot align their regulations and launch schedules with the need of the private space industry.

Now, we regard the claims of Space Florida with some skepticism, and the reason for our skepticism is that we and the rest of the world know that as Space Florida is making those claims and is trying to stake out its private area in the northern area of the National Wildlife Refuge, space companies such as SpaceX are moving quickly to try to reach their own agreements with NASA south of State Road 402. So we are, frankly, in all candor, not sure how legitimate the issue is.

But if, in fact, it is the case that Space Florida is being forced to locate 10 miles north of State Road 402 in the heart of the refuge because of the policies of NASA and the Air Force, we believe

that with regard to those policies, the better course of action, in the interest of those 1.2 million visitors, is for Congress to move quickly to make sure that the red tape is sliced through and that an area perhaps to be owned by Space Florida—perhaps, as the gentleman from Space Florida said, entirely under their ownership—be granted to them south of State Road 402 where the space industry could flourish and where there would no longer be the threat of any interruption to the visitors that utilize the area in the National Wildlife Refuge.

The final thing that I will say —

Mr. MICA. Could you wrap it up? I have given you 3 extra minutes, but just wrap it up real quickly, and we will have a chance during questions.

Mr. LEE. Great. I just wanted to conclude by saying that the northern end of the refuge north of State Road 402 has been spared most of the public closures because of the good planning of NASA to place everything south of 402. The launch trajectories don't go over the refuge and the seashore, and State Road 402 is relocated north to actually make sure that when the shuttle program was going there would not be long-term closures of Canaveral National Seashore.

And so we think very clearly NASA's plan from 2012 is the way to go, following that plan, inserting the private space industry south of State Road 402, and we support that.

Thank you, Mr. Chairman.

[Prepared statement of Mr. Lee follows:]



Testimony of Charles Lee
Director of Advocacy
Audubon Florida
House Oversight and Government Reform Committee
Subcommittee on Government Operations
Merritt Island, Florida
February 10, 2014

I am Charles Lee, the Director of Advocacy for Audubon Florida. My business address is 1101 Audubon Way, Maitland, Florida 32751. I have been employed by Audubon for over 41 years, since May, 1972. Audubon is the state's oldest conservation organization, having been founded in Maitland, Florida in March, 1900, nearly 114 years ago. During the time I have served on the staff of Audubon, our organization has been extensively involved in efforts to assure the protection of the extremely important and diverse wildlife habitat that exists within the Kennedy Space Center, Merritt Island National Wildlife Refuge, Canaveral National Seashore, and the waters of Mosquito Lagoon, part of the Indian River Estuary.

The Merritt Island National Wildlife Refuge (MINWR) is home to over 1000 species of plants, over 500 species of birds, fish, and wildlife, some 66 of which are listed by federal and state governments as endangered, threatened, or otherwise imperiled.

In 2012, 1.2 million people visited the Merritt Island National Wildlife Refuge, one of the most popular wildlife viewing sites in the U.S., and over 215,000 sports fishermen utilized the waters of Mosquito Lagoon.

The 140,000+- acre Merritt Island National Wildlife Refuge exists almost entirely upon lands that are owned by NASA. In 1963, the U.S. Fish and Wildlife Service and Department of Interior entered into a cooperative inter agency agreement for management of non-operational lands owned by NASA. This managed area includes a large portion of the open waters of Mosquito Lagoon. Upland and wetland areas of high ecological value are contained within the management agreement area and are comprised of scrub, pine flatwoods, and a unique mixture of subtropical and temperate plants. This mixture includes hammocks comprised of overstory vegetation dominated by temperate species and understory vegetation including many subtropical plants. The Merritt Island National Wildlife Refuge also includes impounded salt marsh areas, and aquatic inland freshwater swamps and marshes. The wetlands and waters within the area managed under this agreement by USFWS support large wintering populations of migratory waterfowl, as well as transient and resident



populations of wading birds. Lands within the Merritt Island National Wildlife Refuge are managed by the USFWS in a capacity subservient to the interests of NASA. Under the agreement, NASA can withdraw lands from the USFWS agreement to construct additional facilities at any time.

The Canaveral National Seashore was established by Congress in 1975 through the enactment of PL 93-626, and is comprised of 67,500+- acres. This act effectively transferred ownership of this land permanently from NASA to the National Park Service. The U.S. Fish and Wildlife Service and the National Park Service jointly manage 34,345 acres of the Canaveral National Seashore lying west of "Beach Road" and extending into Mosquito Lagoon, while the National Park Service exclusively manages those lands east of "Beach Road".

As I understand the purpose of the hearing today it is to examine the management of NASA's real property holdings. In regard to that matter I would like to present two recommendations:

(1) The ownership of lands not utilized by NASA for the space program of the United States, and not occupied by public or private space infrastructure should be transferred to the United States

Department of Interior, U.S. Fish and Wildlife Service. Congress appropriately recognized in 1975 through enactment of PL 93-626 that Canaveral National Seashore required the stability of primary control of the land constituting the National Seashore. We believe it is equally appropriate that Congress recognize, and act to do the same thing with regard to a large share of the 140,000+- acres that make up the Merritt Island National Wildlife Refuge. **Exhibit 1 to this testimony**, a letter from the U.S. Fish and Wildlife Service, documents the substantial positive economic impact to businesses in Brevard and Volusia Counties and communities such as Titusville which results from visitor use at the Merritt Island National Wildlife Refuge. The combined impact of the 1.2 million visitors each year results in more than \$60 million in economic activity. These figures do not include the additional economic activity caused by more than 200,000 sport fishing trips documented to occur in Mosquito Lagoon. The stability offered to the continued existence of Canaveral National Seashore by control of the land within its boundaries is robust. While NASA remains entitled to exercise control such as launch day safety closures, the construction of additional permanent NASA infrastructure is precluded. This stability for the National Seashore could only be altered by Congress. In comparison, the basis for the continued existence of the MINWR is fragile. NASA remains the landowner and retains jurisdiction to remove lands from the MINWR, and may construct new space infrastructure facilities within MINWR. Nonetheless, the relationship between NASA and the U.S. Fish and Wildlife Service over the years through the duration of the Apollo and Space Shuttle programs has



been good. NASA worked carefully with the USFWS to keep the major infrastructure needed for these space programs south of State Road 402. Closure of public access to the MINWR Mosquito Lagoon, and the Canaveral National Seashore has been minimized by the directional characteristics of launch trajectories that do not launch vehicles over the majority of lands in MINWR or these other public use areas. State Road 402 was also relocated to the north to accommodate continued public access to the eastern portions of MINWR and Canaveral National Seashore while Space Shuttle Vehicles were on the northernmost launch pad. The location and design of space infrastructure south of SR 402 has facilitated USFWS' continuous management and open public access to the majority of MINWR, Mosquito Lagoon and Canaveral National Seashore with only brief public closures for a few hours on launch days.

The "Kennedy Space Center - Future Development Concept" prepared by NASA, in 2012 http://www.nasa.gov/centers/kennedy/pdf/634026main_future-concept.pdf (**Excerpted in Exhibit 2 to this testimony**) constitutes NASA's most recent "Master Plan" for the future of space infrastructure. These plans provide for meeting future spaceport development needs to the year 2031, including both the NASA space program of the United States and development sites for private industry space launch facilities. None of the proposed space infrastructure development areas extend north of State Road 402. These future - development plans divide the natural areas of MINWR into two zones. The first zone constitutes all of the lands north of SR 402 and is designated as "Operational Buffer Conservation 1". The second zone consists of those natural areas which are interspersed between existing and proposed NASA and private enterprise spaceport facilities south of State Road 402, which is designated Operational Buffer Conservation 2".

As described in detail with regard to our second recommendation below, the surge in interest in development of NASA lands by private space launch providers in our view makes the following steps necessary if the integrity of the Merritt Island National Wildlife Refuge is to be preserved:

Audubon believes that it is appropriate to immediately transfer ownership of all the land in "Operational Buffer Conservation 1" to the U.S. Fish and Wildlife Service, thereby placing both Canaveral National Seashore and the publically accessible area in MINWR on the same land ownership footing.

With regard to those areas classified as "Operational Buffer Conservation 2" south of SR 402 that NASA plans to retain in natural habitat without development, Audubon recommends that NASA and USFWS be directed to review the status of the larger blocks of these lands to determine which portions of this land are appropriate for ownership transfers to USFWS. A specific timeline for this review and ownership transfers should be established.



(2) NASA should be required to make locations for Commercial Space Launch projects available south of State Road 402 in previously disturbed areas and primarily by repurposing existing space infrastructure sites. NASA should be required to make such sites available on terms satisfactory and attractive to private space industry companies. In 2008 NASA conducted an analysis of possible sites for private space launch ventures at Merritt Island, including potentially on lands within the publically accessible portions of Merritt Island National Wildlife Refuge north of SR 402. At the conclusion of this process, the controversial sites for possible private launch facilities north of State Road 402 were removed from consideration. An outgrowth of this site search study was the “Kennedy Space Center - Future Development Concept” prepared by NASA, in 2012 (**Exhibit 2 to this testimony**) which proposes uses of NASA’s land in the period 2012-2031.

Regardless of NASA’s decision to forgo the development of private space launch provider sites north of State Road 402, as expressed in the 2012-2031 NASA plan, “Space Florida”, an agency of the State of Florida, has stepped forward to demand that a 200 acre site at a location within MINWR approximately 10 miles north of State Road 402 known as “Shiloh” be removed by NASA from MINWR and transferred in ownership to Space Florida to establish a private commercial launch site. Concerns about the serious threat this proposal would cause to MINWR are detailed by the U.S. Fish and Wildlife Service in **Exhibit 1** to this testimony. We will not go into great detail about all of the many the serious threats to the refuge this proposal would cause other than providing a copy of the USFWS letter, and indicating that Audubon strongly agrees with USFWS with regard to the agency’s stated concerns. Some of the most compelling concerns worth noting here are that the location of the proposed Space Florida facility would result in rocket trajectories over the northern portions of MINWR, Mosquito Lagoon and Canaveral National Seashore, imposing numerous public access closures never experienced by visitors previously. The area near the proposed Space Florida site has been under restoration to reestablish scrub habitat for the endangered Florida Scrub Jay. In the past 5 years, in excess of \$2 million has been spent by USFWS in this habitat restoration effort. If the Space Florida facility is located at this site it is likely that much of this habitat near the proposed Space Florida Site could no longer be managed through controlled burning as Scrub Jay habitat, and therefore the previous USFWS habitat restoration expenditures would in essence be wasted.

Space Florida’s insistence on establishing a freestanding private space launch site at this remote location is based on a claim that SpaceX, and other private space launch companies cannot or do not want to operate



within the NASA security zone or security zones at the Canaveral Air Force Station. Space Florida's personnel have claimed that SpaceX and other private space launch companies cannot obtain, or have difficulty obtaining security clearances for their customers, contractors, and payloads to be admitted to NASA and Air Force properties. Representatives of Space Florida have vocalized these claims at numerous public meetings, however the record is scant on any direct and specific statements about this problem coming from the companies (such as SpaceX) themselves. A second reason that Space Florida cites in its demand that 200 acres be removed from MINWR and developed as a freestanding commercial launch site is a claim that NASA and the Air Force will not cooperatively coordinate with private space launch companies on airspace and launch timing. Again, to the best of our knowledge, this claim is stated by Space Florida, and not made directly from the private space launch companies themselves. We are somewhat skeptical of Space Florida's claims in this regard, because we know that regardless of what may be happening within the knowledge of Space Florida, the rest of the nation and the world are aware that SpaceX and other companies are vigorously exerting efforts to negotiate directly with NASA to obtain private launch sites within the plentiful developed areas of space infrastructure that exist south of State Road 402.

If, in fact, these assertions by Space Florida regarding the concerns of private space launch companies are correct, then we believe that NASA, and the U.S. Air Force have the capability to resolve this problem through policy and regulation changes. Ultimately, the U.S. Congress has the ability to step in (and perhaps should step in) to demand that NASA and the Air Force make whatever policy and regulation changes are necessary to fully accommodate the growth of the private space launch industry at appropriate, environmentally benign locations south of State Road 402.

We believe that priority should be placed on repurposing existing NASA infrastructure for private space launch provider companies. However, if, in the final analysis, additional "greenfield" sites for development of private space launch facilities are needed, and some natural areas must be developed and sacrificed, these impacts should be concentrated in areas south of State Road 402 which have no public recreation access and where space infrastructure development already fragments the natural landscape.

The more pristine areas north of State Road 402 which serve at least 1.2 million visitors per year, should not be fragmented, developed, and removed from the Merritt Island National Wildlife Refuge due to the mere inability of government agencies to untangle their policies and regulations to allow for the robust



development of private space industry launch sites where they do no significant environmental harm. We believe the following actions are necessary:

Audubon recommends that Congress determine whether NASA and the U.S. Air Force are appropriately modifying policies and regulations to make sites south of State Road 402 attractive to, and available consistent with the needs of companies in the private space launch industry. If this is not being done, Congress should take steps to require NASA and the US Air Force to make reasonable and appropriate modifications to their policies and regulations to accommodate the private space launch provider companies in areas south of State Road 402 and to resolve the concerns of these companies regarding security clearances and launch schedule coordination.

In conclusion, we at Audubon Florida thank the Committee for the opportunity to make these comments and recommendations. We will be pleased to answer any questions and to work with Congress and the appropriate federal agencies to assure that Merritt Island National Wildlife Refuge is preserved and managed appropriately while the space program of the United States and the emerging private space launch industry are enabled to grow and thrive.

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Mr. MICA. I thank the gentleman.
 Now we will hear from our final witness, Mr. John Walsh, CEO of Cape Canaveral Port Authority.
 Welcome, and you are recognized.

STATEMENT OF JOHN WALSH

Mr. WALSH. Thank you, Mr. Chairman and members of the hearing today.

Canaveral Port Authority is an independent Port Authority, chartered and authorized under the State of Florida. CPA is now the second busiest cruise port in the world. Over 4 million cruise passenger movements take place annually, with plans to double this by mid-2020s.

In 2012, the Port aggressively proceeded with cargo expansion, with two new piers and over 80-acre container backup terminal region to expand trade and cargo badly needed into central Florida.

Over \$70 million has been invested in these two deep-water berths, with two ship-to-shore post-Panama container cranes arriving this March. Eventually, another \$150 million will be invested by both the port and private terminal operators.

The port today has total direct and indirect jobs from the port activity that now exceed 17,000. CPA currently has a \$3.5 billion net economic impact to the region each and every year.

Direct rail service is a critical component for dynamic and vibrant cargo business at Port Canaveral. The Florida East Coast Railroad, which serves the east coast of the Florida peninsula, is situated west of Route 1. In 2012, CPA began discussions with Kennedy Space Center planners to explore rail connections to the port. CPA looked at working with Kennedy Space Center planners, the Cape Canaveral Air Force Station planners, and eventually five routes were put into place. But by process of elimination, the route utilizing the Upper Jay-Jay Bridge, maintaining service through Kennedy Space Center, has appeared as the preferred route and option.

A Phase II study has been completed, with positive results, and lead to the need for agreements with Kennedy Space Center for an EIS with a Federal sponsor separate from Kennedy Space Center. KSC would remain a cooperating agency in this EIS. CPA is now working with MARAD, the Maritime Administration, as its EIS Federal sponsor.

CPA and Kennedy Space Center staff are currently also working on a space agreement to perform added testing such as vibration impact analysis so that the rails do not have a negative impact on the prime operations of the phase.

CPA appreciates the open and willing efforts of NASA staff and leadership to work with CPA on the proposed rail asset transfer and operating agreements. This would be a classic 3-P initiative to reduce NASA's operating cost and not having to go it alone on rail, and the port can have rail service badly needed to create jobs, growth, and regional economic development.

This project still has many hurdles, and the process to go through the EIS will be able to allow all needed agencies and stakeholders to understand how this rail can be built safely and

continue with care for our environment. The port has always made the environment one of our key priorities.

CPA has a limited amount of land available today for growth. One request of CPA is that the submerged lands north of the port need a mutual review with NASA as there is a 1963 agreement and a 1964 agreement that have a 100-acre overlap to each other.

CPA has also reached out to the United States Air Force with an unsolicited offer from CPA to lease Air Force lands adjacent to and north of the Middle Basin. This offer was issued to General Armagno and, after review with space command, has been submitted to the U.S. Air Force Civil Engineering Unit in Texas for an ELU review. We appreciate the General's open-mindedness to explore these concepts through the established ELU process and procedures.

In closing, we appreciate the congressional hearing today as a way CPA can work openly and transparently to continue communication with our two Federal partners in Brevard County to expedite these critical initiatives. We can create 5,000 living-wage jobs in the port region over the next five to seven years, and at least 10,000 additional jobs over the next 10 to 15 years working with private infrastructure industries.

Our mission is to lift up our community, creating high-quality jobs in diverse industries, good logistics, and leads to good manufacturing. This community and the region need the stakeholders at this hearing to pledge to work diligently together so our community can proudly support their families with thousands of former workers back to work again. Nothing replaces the feeling of a hand up and a job instead of a hand out.

Our area is filled with blight and economic ravage from the downturn of the space programs. We can do better. We can diversify our region. We can supply a growing state with goods and services it needs right here from east central Florida. This rail and land discussed today can allow CPA to do our part to put those 10,000 to 15,000 people to work. If we can send a Rover to Mars, surely we can connect 10 miles of railroad and a technology that has been done since the 1800s.

We believe this is doable, and we share in the responsibility to make it happen. I believe we can redefine our future now, and as new industries grow from this port into our industrial parks, we need to have strong infrastructure to link ourselves to the world economy.

Strong communities and economies grow out of strong and dynamic ports, airports and seaports, as well as space ports. This seaport can be the backbone and driver of your continued help. We truly appreciate the start of this process with Mr. Bob Cabana and General Nina Armagno, as well as the respective staffs. We know we can bring this mission to a success.

Thank you, members of the committee.

[Prepared statement of Mr. Walsh follows:]

**NASA – KSC – CCAFS Congressional Hearings
February 10, 2014
Testimony of John E. Walsh, CEO, Canaveral Port Authority**

Background:

Canaveral Port Authority (CPA) is an independent Port Authority, chartered as a political subdivision of and authorized by the State of Florida. A five person elected Port Commission from five (5) districts of the authorized Port District govern Canaveral Port Authority (CPA). The Port District is roughly the upper two-thirds of Brevard County. The Federal Harbor was constructed in 1951 – 1953 by the Army Corps of Engineers, opened in 1953, and subsequently expanded in series of land reclamation and dredging projects continuously over the past 60 years with ongoing improvements continuing today with additional growth in the future. *(See Exhibit #1 for Port aerial view)*

The Port surrounds a Federal Harbor and consist of both submerged lands beyond the Federal Harbor lines and all the dry land regions consists of both northern and southern property of approximately 1000 acres in the deep-water port. Added lands include a barge canal connecting the Indian and Banana River and various parcels of developed and undeveloped land along the barge canal including land under State Road 528. The Port Authority has also been granted permitted rights to 250 acres of submerged land north and west of State Road 401 in 1964 to allow for further expansion. Parts of these submerged lands are overlapped by a permit to NASA-KSC in 1963 as part of the “manned lunar space program”. Those lands will be discussed later with respect to this overlap region of about 100 acres of submerged land. The Port would request future consideration to release the NASA overlap to allow future port expansion when needed to serve the community and local markets. *(See Exhibit 2 with rail route and submerged land areas with overlap)*

Historically, a fishing harbor to support local commercial fishing and scalloping business, the harbor supported early Military uses in the northeast quadrant as well as oil trade to supply local power plants and gasoline needs and early building materials. Expanded industries included Tropicana Orange Juice exports and refrigerated warehousing, lumber, paper, lime rock and granite imports, cement imports and salt import. These commodities and expanded cargo remain today.

The cruise industry arrived in the 1970's and continued to grow through the past three decades to what is now the second business cruise port in the world, soon to become the largest in coming years. The Port serves Disney Cruise Lines, RCCL,

Carnival, Norwegian, AIDA and several more. Over 4 million cruise passenger movements take place annually making this the second busiest port in the world. The port cruise terminal growth include one new terminal in 2014, one added terminal in 2016 and one more by 2019 increasing the passenger movements to 5 million by 2015, 6 million by 2017 and doubling to 8 million by the mid 2020's. Currently with 8 home port ships and 164 annual port of call stops, the port will move to 11 home port ships and up to 200 port of calls by 2016.

Cargo has also grown with over 4 million short tons of commodity and trade products imported and exported regularly. International names include Martin Marietta Materials, Hansen Materials, Cemex, Morton Salt, Lehigh, Ambassador Services, Ceres, and many more. These products are vital to Central Florida's economy and growth with container traffic, lime rock granite, cement, slag, salt, fertilizers, lumber, newsprint, juice concentrates, cars, construction equipment, piles, and more moving over the Ports piers.

In 2012, the Port aggressively proceeded with major cargo expansion with two new piers and over 80 acres in Terminal Backup region to expand cargo trade with both container based imports and exports as well as added business lines including cars, added break bulk and specialty cargo. Over \$70 million was invested in two deep water berths with two ship to shore Post Panama Container cranes arriving this March and approximately \$50 million more in capital spending now under way for terminal backup areas. Eventually an additional \$150 million will be spent by the port and terminal tenants to fully develop the ports cargo capacity. The storm ponds, Phase I paving backup for an initial 20 acre cargo yard, lighting, fencing and gates are all now in progress for a fully functional modern marine cargo container terminal *(See graphics attached as Exhibits #3 and #4 of Marine Container Terminal)*

CPA has revenue of over \$65 million, employs 265 direct employees and over 7,000 people are directly employed in port businesses. Total direct and indirect jobs created from the port activity now exceed 17,000. The port has a 5 year \$568 million capital spending campaign in place with over \$1billion planned within ten years. CPA currently has \$3.5 billion net economic impact to the region with strong growth in revenue and impact under way. New cruise business will increase jobs, revenue and the economic impact with strong growth of 12% year over year projected.

Port Canaveral Growth Needs:

1) Rail Connectivity

Direct Rail Service is a critical component for a dynamic and vibrant cargo business at Port Canaveral. The Florida East Coast Railroad (FEC) is situated west of Route 1 on the mainland at Cocoa and Titusville. FEC connects to South Florida and Jacksonville, and in Jacksonville connects to CSX and Norfolk Southern Systems. In 2012, CPA began discussions with KSC and NASA planners, as well as with CCAFS staff, to explore rail connection to the Port. CPA engaged TranSystems, a local expert in rail studies and design, to perform an initial feasibility study to explore routes of connection. Five routes were determined as possibilities with one eastward parallel to Route 528, two lines through KSC and two lines through both CCAF and KSC. *(See attached graphic of the two top Routes 3 & 3A in Exhibit #5)*

CCAFS did not reject rail access but warned of limited service, delays at launch windows; extensive security and ARC issues to resolve, and planners were not favorable of routing rail through the base. Rail service for a commercial port requires dependable service and the reservations about service interruptions, lack of desired service expressed by CCAFS and potential security risk and military requirements on the rail, led us to conclude going west via NASA was far more prudent and desirable. The AF direction, while slightly more cost efficient, was far less desired and life cycle cost would likely be higher. Service to CCAFS if ever needed could be achieved by extending rail northward into the base from the port

KSC-NASA planners considered the two CCAFS routes and two KSC routes. Extensive discussions were held, meetings attended, environmental concerns considered and reviewed, routes walked and explored, and two routes known as Route 3 and Route 3A proceeded for further study and review, but the route utilizing the upper Jay-Jay Bridge and maintaining service to the upper KSC regions including the former shuttle landing facility appeared to become the preferred routes.

The optional 528 route was tabled due to higher home owner objection in past discussions, the expense of two river crossings and bridges, and congestion at Route US1 and 528 for needed connections and the lowest ranking of all options. This route would only be explored again if NASA rejected options to allow rail through its facilities. This 528 route would be more suited to light gauge passenger rail service when 528 bridges are replaced. *(See attached graphic of Routes 3 & 3A: Exhibit#5)*

CPA entered into a second feasibility study with TranSystems to further evaluate Routes 3 and 3A and to look at cost, environmental challenges-permitting, preliminary designs, constraints, and potential KSC asset and operational issues. CPA also engaged Martin Associates, nationally renowned freight and port economics consultant, jointly with FEC, to do a market study and full economics impact analysis on freight that would likely require rail service. This Phase 2 Study has been completed with positive results and lead to the need for agreements with KSC and an EIS (Environmental Impact Study) with a federal partner separate from KSC. KSC would remain a cooperating agency in the EIS. Economic studies and direct customer feedback both confirm a viable rail use market and demand.

CPA is now working to engage MARAD (U.S. Federal D.O.T. Maritime Administration) as the EIS Federal Sponsor and has sent a letter of request to KSC-NASA Director and Senior Staff to request a formal commitment to both Rail ROW on existing truck and the proposed route to Port Canaveral on NASA lands as well as release of the 1963 permit overlapping the 1964 Port permit for submerged expansion lands. The Army Corps of Engineers would be an alternate Federal Sponsor, if for any reason MARAD is unable to move this effort forward expeditiously.

CPA and KSC Staff are working currently on a Space Act Agreement and ways to provide CPA an agreement and permissions to perform added required test such as vibration impact of rail on existing assets and operations within NASA property. Once in place, this aspect will proceed. All efforts to move forward will be subject to a successful EIS process and at this time, CPA is finalizing Federal Sponsor role and agreements with MOU's to be finalized in the next few weeks. Time is of the essence in this process for CPA to connect to FEC but realistically the EIS could be an 8 month to 14 month process, likely around 10 months based on prior CPA historical processes. *(See Memo on schedule and issues Exhibit #6 and proposed rail route and details from 35% plans as Exhibits #7, 8, 9, outlining probable schedule, challenges, process discussion points)*

Understanding the length of time a Federal process can take, and uncertainty about eventual outcomes have driven CPA to an interim FEC rail connection so commerce and growth at the Port can continue to serve the needs of the region. CPA plans to operate a Rail Barge service and will construct a Rail Transfer Bridge to unload rail cars to and from CPA and construct an inland Port at the OUC Power Plan on the Indian River Port St. John. This rail barge intermodal facility is not inexpensive and will have a capital cost of \$22-25 million and expensive ongoing operational cost. CPA's uncertainty about the future NASA rail timing and even approval makes it

essential to proceed with this inland port rail-barge project. This operation will assist existing business users and terminals at the port expand and it is essential as port of attracting two new business terminal groups to CPA for cargo expansion while hard rail efforts continue. Effective marine terminal operations need rail connection for both import and export business. We are proceeding into design and permitting for the inland port, seeking grant and project funding, and moving to a lease on the OUC property. We anticipate this project will proceed to construction by fall 2014 and can be operational by spring 2015. The certainty of the project, uncertainty of Federal land projects and process, and the critical need to create jobs in our region now all the drive to interim rail connection via barge forward. *(See graphic of the Rail Barge and OUC facility as Exhibits 10 and 11)*

CPA appreciates the open and willing efforts of NASA staff and leadership to work with CPA on the proposed rail asset transfer and operating agreements. This would be a classic 3P initiative where local authority, NASA and private rail work to reduce the NASA operating cost so they can continue to have rail but no longer need to fund it alone and the Port can have rail service badly needed to create jobs, growth and regional economic development. In addition, Space Florida, Private Space firms and the USAF can all have the access to rail at no operating cost or direct expense beyond commercially competitive rail rates. This project still has many hurdles and processes to go through and the EIS will be able to allow all needed agencies and stakeholders to understand how this rail can be built safely and with the continued care for the environment, the Port has always made as one of its key priorities. The benefits of this project moving forward are a true win-win for the greater region, and has immediate cost benefit to NASA and CPA as they work hand in hand. To date NASA has worked extremely well with CPA and it is critical to continue moving this forward in an expedited process. CPA would like to see the ROW legal process and operating agreement moving forward concurrent with the EIS process.

2) Expanded Land Needs

CPA has a limited amount of available land for continued growth of the port. The port has recently bought back former leases and has started the process to buy land south of the port and on Merritt Island as available commercially. Current cruise and cargo master plans and active leasing activity are indicating the port could reach full occupancy in the next ten years.

Faced with long permit and approvals process, the port has started to explore filling of submerged lands granted by the state in 1964. The port is now beginning an EA for filling as part of the land to added 50 acres of land base to support parts of the

proposed rail connection prior to bridge and trestle sections going west and needed cargo backup and intermodal facilities. In the future, the port may need a partial or full relocation further north of State Road 401 to allow expanded berths and north harbor and turning basin, and also a western push with basins and expansion. Plans to do so will take open meetings and engagement by State and Federal agencies as well as the overall community. Environmental studies and impacts will be weighed and potential mitigation factors and solutions will need to be fully explored.

The one request of CPA on these submerged lands would be a mutual review of the permit issued to NASA in 1963 and the approximately 100 acre overlap of NASA manned space mission boundary in the lower Banana River and to see if the south boundary by the port can be moved north of the 1964 port submerged land region. Clarification of the need for NASA to retain this small area would be prudent as if NASA no longer needs this boundary, it would allow CPA to fully study and permit future expansions and would also allow new proposed rail to be placed at a region out of the potential expansion region. This small parcel of 100 acre submerged land could allow CPA to continue its growth in future times as demand continues. Further review of this one region would be beneficial as land easements and review is in progress.

CPA has also reached out to CCAFS and the USAF with an unsolicited offer from CPA to USAF to lease USAF land adjacent to and above the middle basin from the USAF long term with a series of smaller to larger optional parcels from 23 acres up to 500 acres. This offer was issued to General Armagio and the Patrick Civil engineering team and after review within Space Command has been submitted to the USAF civil engineering unit in Texas as a EUL review. CPA is hopeful we will have the opportunity to lease the immediate needed lands and may be able to defer and maybe even avoid the costly process of filling submerged lands. The land could be leased in phases over many years or more aggressively with mitigating and relocation included for asset uses now in place but clearly underutilized. In time this could be a lease of 500 acres or more with initial added payments to the USAF in cash or in kind projects with an annual value of \$3 million. CPA would like to work with the USAF to put any land not fully needed especially close to the harbor to its highest and best use. CPA fully appreciates the great benefits of the USAF and US Navy as the USAF tenant in the region. We feel by working together the missions of these critical functions can be both preserved if not improved and areas not fully utilized could move into greater use or shared use as done in many other base and harbor regions. Full rights to return needed assets to military use in war time efforts or mission increase are common is such dual use or EUL programs.

We appreciate the General's open minded willingness and applaud her and her team's willingness to explore these concepts through the established EUL procedures and process. We stand ready, willing and able to work with the appropriate staff to see if this use can become a reality. It can benefit the port, regions, and USAF base mission and create needed jobs and business expansion badly needed in Brevard County and all Central Florida. We are cautiously optimistic we can find a ways to move this EUL forward to positively impact the region.

Closing Points

In closing, we appreciate this Congressional hearing as a way CPA can work openly and transparently and to continue communications with our two Federal partners in Brevard County to expedite these critical project initiatives. It is amazing what willing people can do when focused on positive and proactive efforts. Brevard County and our residents need the diverse economic development port activities can create. Our goal is to attract and create long term business partnerships with world class cargo and logistics firms and to attract import and export oriented top quality and job producing firms to the region that rely upon strong logistics and transportation systems. Real opportunity is here for us to bring several of these companies in this year if we can commit to the rail and added land they need and we need to deliver it all timely. We believe with the rail connections, land expansions and cooperative programs discussed today moving forward, we can create 5,000 living wage jobs in the port region over the next 5-7 years and at least 10,000 jobs in the next 10-15 years. These are high wage jobs in stevedoring, trucking, logistics, robotics, IT systems, RF systems, automation technology, equipment operations, mechanics, system and equipment technicians, forklift operators, CBP officers, security, managers, clerical and more. In addition the construction, engineering and short term jobs created from the \$1 billion in port investment and literally billions in private company investment will further stimulate our economy and community. Our mission is to lift up our community creating high quality jobs in diverse industries. Good logistics then leads to manufacturing and strong retail, housing, education, arts, and medical field jobs and opportunities. This community and region need the stakeholders at this hearing to pledge working diligently so our community can proudly support their families, put the thousands of our former workers still out of work back to work again, and provide opportunity for our graduating students to find work that is meaningful. Nothing replaces the feeling of a hand up and a job instead of a hand out. Our schools are struggling with the impact of struggling families and homeless or under employed members of our community. Our area is filled with blight from an economy ravaged by downturn and changed

programs. We can do better. We can diversify our region and not depend on one industry any more. We can supply a growing state with goods and services it needs right here in east Central Florida and we can get working again now. We are a proud nation of people who are willing to work hard and this rail and land discussed today can allow CPA to do our part to put those 10,000 to 15,000 people to work as our plan moves into place and can be fully executed. We have international business tenants now in negotiations that need this rail to execute their plans and to make substantial investments in Brevard County now, and we are motivated to see it in place by 2016 if possible, or at the latest into early 2017. If we can put a man onto the moon, fly shuttles to a space station, and send rovers to Mars, surely we can connect ten miles of railroad in a technology that has been done since the 1800's. We believe this is doable and we share in the responsibility to make it happen for our neighbors, sons, daughters and region. I believe we can redefine our future now and as new space efforts unfold and develop, other new industries can grow from this port into our industrial parks, main streets and flow into all of the Central Florida regions. We need a strong infrastructure system to link ourselves to the new world economy and the people here today are all key players to making this a reality.

Thank you for caring and hearing our humble opinions. Together, we can build the American Dream once again with a simple ten mile rail stretch and some unused land as the catalyst to it all. Florida can have a port as dynamic as New Jersey, Charleston, Savannah and even Long Beach to serve our growing economy. Deep water, rail and highways connections, trained and dynamic workforce, modern technology and investment, and a force to be reckoned with in a world trade economy. Strong communities and economies grow out of strong and dynamic port. This port can be that backbone and driver with your continued help and we truly appreciate the start to this process Mr. Bob Cabana and General Nina Armaglio and their respective staffs have already started with us. We know we can bring this mission to success together.

Attachments:
Exhibit #1 through Exhibit #11



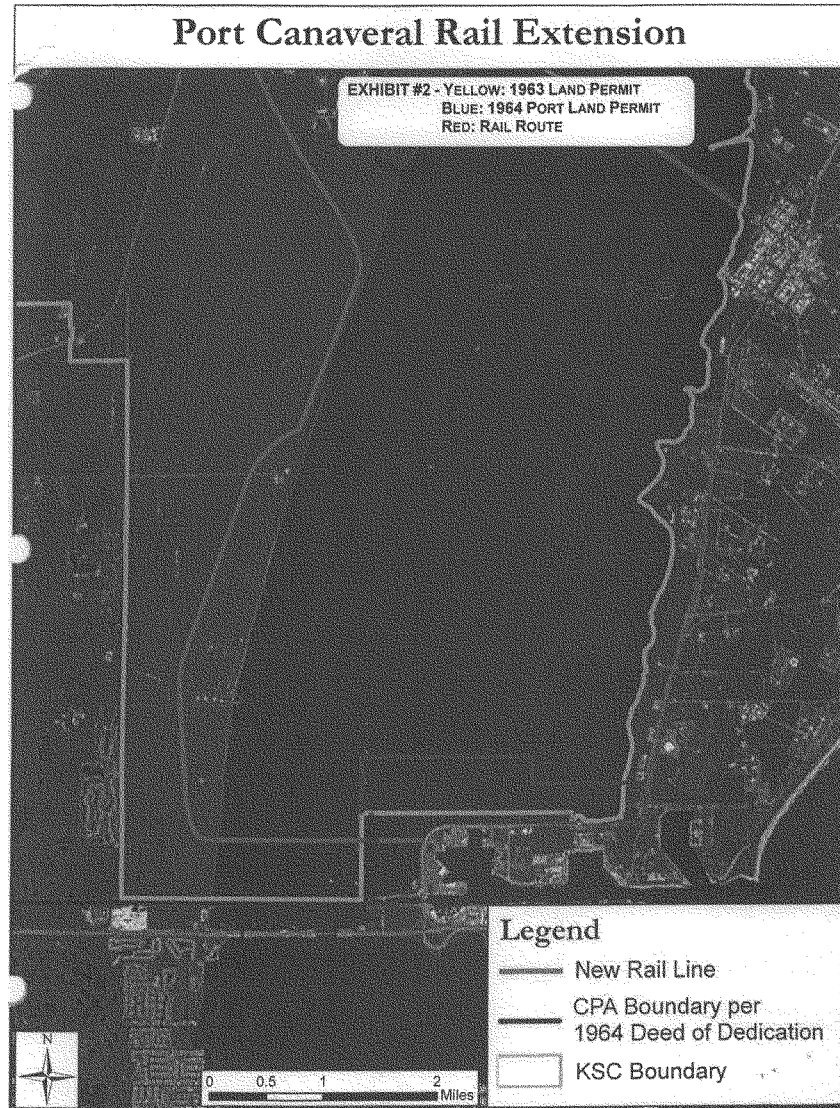
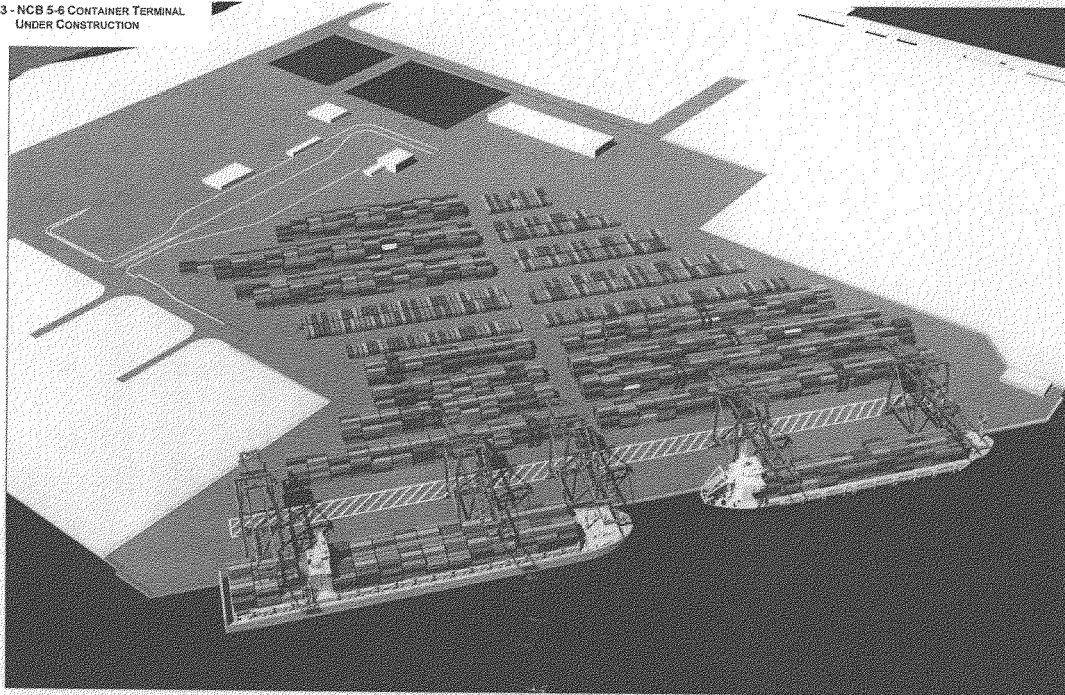


EXHIBIT #3 - NCB 5-6 CONTAINER TERMINAL
UNDER CONSTRUCTION



CONTAINER YARD PLAN OPTION 3 - RTG AND WHEELED

PRELIMINARY

Revised	By	Approved	Date

TRANSPORTATION

AECOM
Miami Canal Office
800 Douglas Entrance, North Tower,
2nd Floor
Coral Gables, FL 33134

AECOM
WWW.AECOM.COM

Drawn By: _____
Checked By: _____
Reviewed By: _____
Date: 06/25/13
Project: _____
Task: _____



**CONTAINER TERMINAL
NORTH CARGO
BERTHS 5 & 6
PORT CANAVERAL, FLORIDA**

Sheet Title:
**CONTAINER YARD PLAN
OPT 3 - RTG
AND WHEELED**
Project Number: 60303946 Sheet Number: 14 of 14

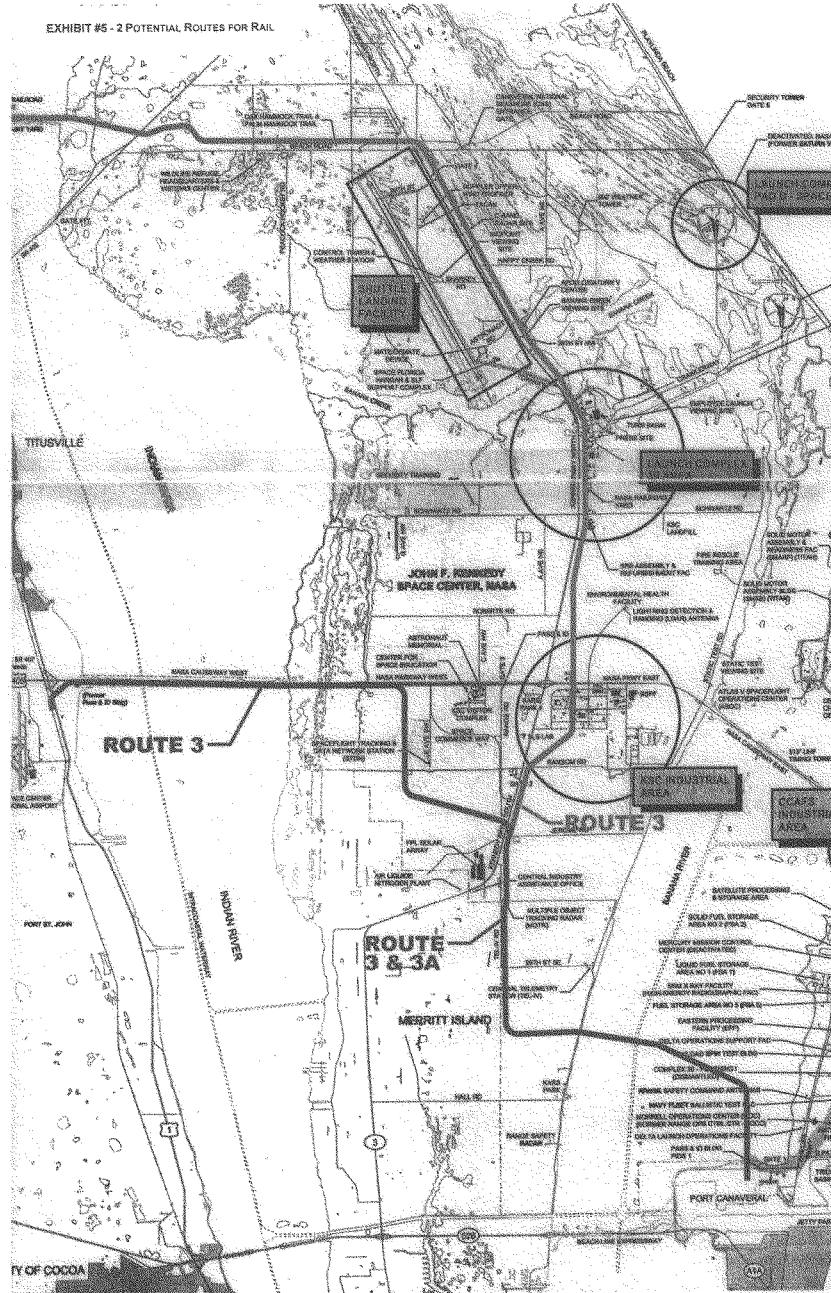


EXHIBIT #6 - MEMO ON SCHEDULE AND ISSUES

Memo on project schedule (Exhibit#6):

PROBABLE SCHEDULE

1. Vibration Testing at the KSC:
 - Testing Plan/Procedure is complete and will be briefed to KSC Staff within three weeks
 - Space Act Agreement is in production and should be executed by mid-March
 - FEC will provide locomotives and crew for the testing. I'll confirm with FEC on February 14th.
 - Testing will be performed within a week of receiving the executed Space Act Agreement between the KSC and the CPA
 - Results and analysis will be submitted to CPA within two weeks of test completion (Estimated Completion second week in April).
2. EIS:
 - Confirmation of MARAD as the Sponsoring Agency by early April
 - Draft EIS complete in June 2014
 - Draft circulated among Commenting Agencies for 90 days after completion of the draft (June - September).
 - Respond to comments mid-September to early October
 - Review final draft of the EIS, approval and adoption by December 2014.
3. 100% Design and Project Permitting
 - Begin final design and permitting upon completion of response to comments on the draft EIS (November 2014)
 - Complete final design, permitting and production of specifications and bid documents by August 2015 (faster is concurrent with EIS)
4. Construction Bidding, Selection, Award and NTP:
 - Advertisement, contractor qualification, RFP, evaluations and contractor selection September 2015 to October 2015 (sooner based on step 3 concurrent with EIS)
 - Award and NTP February 2016
5. Construction: November 2015 to October 2016 (Assuming 12 months max for construction)
6. Commence Operations: November 2017 (as early as May-June 2106 if design is concurrent with EIS)

Note: Fast Track Design Build could expedite to early 2016 completion with early commitment and expedited design and EIS process and concurrent easement and operating agreement. Task need to be concurrent and not consecutive.

ISSUES WITH KSC:

1. Space Act Agreement is needed as soon as possible to initiate the vibration testing on the KSC. I will confirm FEC's participation with locomotives and crew next week on Feb 14th.
2. We need to get Bob Cabana's approval for the KSC to "participate in Phase 3" Dave Pierce has that approval on the schedule for February 14th. I don't perceive this as a major issue: it's just that KSC needs some control.
3. Why do we have to wait until the EIS is completed in December 2014 BEFORE Bob Cabana lets the staff BEGIN developing the easement? I would think the staff could BEGIN the development of the easement as soon as the draft EIS is complete in June 2014. Since Dave thinks the KSC staff would require six months to develop the easement, the final draft of the easement would then be complete to coincide with the completion and adoption of the EIS in December 2014. Once the Center Director approves the easement, it has to go to Headquarters NASA, and Dave tells us that it will require about six months for approval. If we can get the KSC staff working on the easement in June 2014, get Bob Cabana's approval in December and submit it to Hq. NASA immediately following Bob's approval, we'd have an approved easement in June 2015 – five months before design is complete, we could expedite design and we start the bidding process for construction. I think this is the sequence we want to push for.

Mr. MICA. Thank you, and I thank all of the witnesses.

We will launch right into questions.

First of all, Director Cabana, and then General Armagno, both in charge locally with carrying out the mission, and Congress has said in an act, I guess the authorization act you all did in 2010 for NASA, that we would move forward with right-sizing these operations, both the NASA and also the Air Force property here.

I heard interesting testimony today from Space Florida. Jim Kuzma said there are sometimes blurred lines. I know you are both trying to do your best on the ground here. Can you give us a candid assessment of any impediments or anything you think we could do to speed up the process?

We have also heard from GSA. GSA told me—Mr. Smith told us he has 54,000 square feet that has been turned over to him, determined as excess. That is not a lot considering all the property and space that we have here.

So, I want to know two things.

One, how can we speed this process up? What tools do you need to have us move forward? And if there are blurred lines, what lines need to be cleared up?

So first we will hear from the director and then the General. Can you tell us again your candid assessment of how we get things moving even faster?

Mr. CABANA. Mr. Chairman, I don't believe there are blurred lines. I think it is very clear how we are dealing with our property. We did an intensive study post-Shuttle to determine what facilities we needed for our future programs, our exploration programs.

Mr. MICA. Is that the 2012 study?

Mr. CABANA. It was, and we have our—there are two things. First off, the future development concept that was mentioned, that is complete. It has been reviewed by headquarters and approved. We have our new master plan up at headquarters now and we are waiting for final approval of that so that we can release it.

But we did a study within the program also, the exploration program, systems development in SLS, the space launch system, to determine what we actually needed facilities-wise, and we are divesting ourselves of those we don't need. We took a close look at which ones we could convert to commercial use, which would be given to other Federal agencies. Specifically, the Air Force is interested in some at Cape Canaveral Air Force Station, and also some facilities on the Kennedy side.

Mr. MICA. So then you say you have—you have enough as far as

Mr. CABANA. We have a plan.

Mr. MICA. You have plans in place.

Mr. CABANA. We are executing it.

Mr. MICA. You are executing it, and you don't see any delay in time or authority?

Mr. CABANA. It has been—well, there are numerous authorities that we use to transfer these facilities. We have the Enhanced Use Lease Space Act Agreement, use permits, commercial space launch agreements, and concessionaire agreements.

Mr. MICA. Right. But you have all—all of those would all be tools that you can execute.

Mr. CABANA. I believe we have the tools.

Mr. MICA. So we have this little list up here, and since we started this about a year ago we now have a check-off on one of these top six properties, at least in space.

Mr. CABANA. On those properties, we are using the one that is checked, and all the others are slated for demolition. So we have a plan.

Mr. MICA. Okay. So again, there is no potential use.

Mr. CABANA. No, sir.

Mr. MICA. Nothing is going to be transferred to —

Mr. CABANA. There was no interest.

Mr. MICA.—to Mr. Smith.

Mr. CABANA. We went out to industry. We went out and asked for anybody that was interested in any of the vacant facilities.

Mr. MICA. And they are not interested. Now, you did point out yesterday in one of your demolitions you were able to recoup a certain amount of money for materials and all that. That sounded beneficial to the taxpayers. But again, we are trying to see what the long-term plan is, and I have a whole bunch of different reports, and they are not all buildings. Some are small structures. Some are launch pads and other things that aren't easily transferred to another use.

Mr. CABANA. Yes, sir.

Mr. MICA. So you feel you have enough authority to move forward on an expedited basis.

Mr. CABANA. Well, as quickly as we can within the system, sir. Part of the problem is a lot of this hadn't been done before, and each one of these agreements that we enter into is unique to the facility and the customer that is taking it over. So we use a different —

Mr. MICA. Right. It isn't just a typical situation, and you are in a secure area here that is somewhat unique.

Mr. CABANA. Yes, sir.

Mr. MICA. And again, the broad nature of the property.

Mr. CABANA. We also retain ownership of the land underneath.

Mr. MICA. Right, and that would be your intent for all of the land?

Mr. CABANA. Yes, sir.

Mr. MICA. Or you are looking at disposing of any?

Mr. CABANA. No, sir. We are looking to keep all the land as a buffer zone and as part of our secure area. We have also —

Mr. MICA. The land that the port is interested in, Mr. Walsh, is that Air Force or is that NASA?

Mr. WALSH. The land lease is Air Force, Congressman.

Mr. MICA. Air Force? Okay.

Well, let me hear from the General, then. Now, do you have the authority? Are you able to move forward? And then what have you done to, again, comply with the terms of what Congress passed, both authorization and also in a recent "Sense of Congress" that was passed in the budget?

General ARMAGNO. Thank you, Mr. Chairman, for your question. I think this hearing has been a great opportunity to get the word out that the space mission is very much alive and well here at Cape Canaveral Air Force Station.

As the Air Force has flown out old capabilities such as Titan and Atlas, we have replaced old capability with new. I believe I have the tools. I agree with Mr. Cabana. We don't have blurred lines, and there are no impediments to the actions we need to take. We have the tools that we need I know on the Air Force side of the 16,000 acres on Cape Canaveral Air Force Station, roughly 1,600 facilities.

We do a quarterly review. We lean forward. We have a robust accountability process. We have three choices with our property. We either continue to use the buildings with the viable missions that are there. We can lease to new partners. Or we have a very small amount that is currently vacant. About 11 percent of our property is vacant, and that equates to about eight facilities that we are looking to new customers for.

Mr. MICA. What about that we heard Mr. Walsh say he has a proposal before Air Force? How long will that take to process?

General ARMAGNO. Sir, we received Mr. Walsh's proposal in January, and it is an incremental proposal. It begins with about 20 acres of land that they are looking at on our port side, which is the very south end of Cape Canaveral Air Force Station, and they are looking to expand their cargo operations at an area of the Cape that could be potentially dual use. The Air Force uses that port property to bring in our large boosters and other launch vehicle equipment.

We also know that the Army has some staging area down there and, of course, the Navy uses the southern area of our port.

So I have briefed my chain of command and we have taken this proposal and given it to the Air Force Civil Engineer Center for them to do an operational assessment.

Mr. MICA. When do you think we would hear something back?

General ARMAGNO. Sir, we are hoping to hear something back in the next few months. We are hoping six months, and we will be very anxious to receive that assessment.

Mr. MICA. Okay. Then we have the proposal. Mr. Posey and I made an attempt a couple of years ago with your predecessor to look at the possibility of getting rail into the port. The port is a huge economic generator. I don't know how many hundreds of additional jobs we could have through this expansion, but we were just turned down flat. We want to tell you that you are a breath of fresh air from the West Coast. I guess you came from Vandenberg, where they had actually had some activity, where they had a rail line. We looked at that yesterday, and it doesn't seem like something that can't be accomplished with people working together. We looked at the line coming in, and they do deliver, I guess, the solid rocket boosters from Utah where they are produced, and they end up—we went to the site where they are delivered, and the line looked like it was in pretty good shape.

So it is something I think that we would like to see everyone work on because, again, this is about jobs, this is about expanding the economy, not to mention there might be some revenue for the Air Force.

I didn't ask Mr. Cabana how much money are you getting on any lease.

Incidentally, he didn't do a good job telling you all the things he has done, but we did look at 39A and B and his transformation of some of that. Part of it is used by SpaceX, I guess.

Mr. CABANA. If I could, sir, we have 53 agreements in place right now, and more in work.

Mr. MICA. Okay. You have to toot your horn, Cabana.

[Laughter.]

Mr. CABANA. It is in my written statement, sir.

Mr. MICA. Yes, but these guys didn't catch it here.

Mr. CABANA. But if I could, we have recently selected SpaceX to take over operations at Pad 39A. They are going to move in there. We should be closing that agreement with them here in the next few weeks or so.

Mr. MICA. A huge vehicle assembly building he is converting, I guess, into dual uses.

Mr. CABANA. Well, one bay we are going to use for our space launch system, and we are looking at Bay 1, offering that to a commercial company along with mobile launch platforms. That announcement still has to go out. We are working through the process on that. The Orbiter processing facilities we found users for. All the major, the really high-dollar-value items that will enable commercial space operations, we are moving forward.

Mr. MICA. Have you got any amount of lease money coming in?

Mr. CABANA. We do have some money coming in. I don't have the numbers for you. I can get that.

Mr. MICA. If you could provide that to the committee, we would just like to see what you are getting in —

Mr. CABANA. Sure.

Mr. MICA.—from what you are turning around.

Mr. CABANA. In some cases they are paying just direct costs because it is through commercial space launch agreements where it enables commercial space operations, but we are not making money. But the real benefit here is that we are not paying money to maintain these facilities. They have been taken off the taxpayer rolls, saving us precious dollars in our operating expenses while enabling commercial space operations at the same time.

Mr. MICA. Could you recite for the record what your operations—you were giving us that yesterday. It was \$360 million, \$330 million?

Mr. CABANA. Well, that was in 2013. What we initially went in with for a cost to run the center was in the ballpark of \$370 million. By the time we got the budget and the sequestration and all the cuts were made, we were down to \$320-some million. So we are managing to live within that. But in order to do that, we have to become more efficient and cost-effective, and we are doing that.

Mr. MICA. Okay.

Mr. CABANA. I would also like to add, if I could, when we were talking about being more commercial friendly, we don't think that we are onerous in bringing commercial operators in. Our goal is to make them as autonomous as possible.

By way of example, I cast our safety assurance folks to look at what are the requirements to operate at KSC, and we have three models. We have purely NASA operations, joint use operations, and purely commercial operations. During Shuttle and our safety docu-

mentation, there were 2,200 shell statements, requirements that had to be met. We went through that and scrubbed that, what are requirements, what are best practices, and are there other ways to meet these requirements.

We don't have to tell a commercial customer that he has to meet OSHA requirements, that he has to meet environmental requirements. That is law that they have to meet those. So we have gotten those 2,200 down to 55 shell statements in our safety documentation.

We are working with the Range to figure out ways to launch in a more friendly manner, if you will. Customers have to meet commercial space requirements, get an FAA license in order to launch. Those requirements are the same as the Range requirements.

So we are working to make commercial operations at KSC as user-friendly as possible and as autonomous as possible.

Mr. MICA. Thank you.

Mr. DeSantis?

Mr. DESANTIS. Thank you, Mr. Chairman.

Jim Kuzma, can you give the committee an update on Space Florida's bid to construct a launch facility complex at Shiloh?

Mr. KUZMA. Yes, sir. Thank you, Representative DeSantis.

Currently, where we are at is that the center director approved that the environmental impact statement that is needed for the actual license would fall under the jurisdiction of the FAA Office of Space Transportation. Actually, tomorrow and Wednesday the scoping meetings for the environmental impact statement are being held both at New Smyrna High School and at the Eastern Florida State College, Titusville campus. It is there that the public will have the opportunity to identify issues and actually discuss a lot of the issues and alternatives that Mr. Lee spoke of at that time.

At the same time, we are pursuing the other facets of a license, the licensing requirements to be a site operator, and will continue to do so, sir. We expect that the environmental impact draft will be ready in approximately July of 2015, which actually is aligned to one of our commercial customers looking at that as an option for their launch site.

Thank you, sir.

Mr. DESANTIS. And what about Shiloh? Why did Space Florida choose that particular location?

Mr. KUZMA. Sir, to be quite honest with you, it was in response to SpaceX looking at Texas as a launch site, moving away from the Cape. We did an exhaustive search up and down the east coast of Florida, five different sites, and actually the site selected was actually Launch Complex 36. It was presented to SpaceX. It was at that time that we were informed by the leadership at SpaceX that they would not look to a government range to host their commercial activities. They would do some from the Cape, and they are continuing to do that, but for a long-term look at a number of launches, they would look for another site that they could have that environment.

I think one of the things that has to be pointed out is that Space Florida's mission is sometimes in tension with both NASA and the 45th. Our job is to grow the industry and be responsive. In that case the industry market, the leaders, and not only launch pro-

viders but their payload providers are looking for some of those assurances. We are looking to create that environment that they would have in Texas, and that is how we moved up toward Shiloh, which had been identified as an optimum site on two other occasions.

Mr. DESANTIS. And in terms of the private entities that were looking at commercial launch, why do they not want to use existing facilities? Why would something like Shiloh be more attractive to them?

Mr. KUZMA. Sir, a lot of the entrepreneurs, if you will, they like to be in control of their own destiny, right? Unfortunately in the past, there have been occasions where a payload not being ready just from a throughput process specifically at the Cape, a long time ago. The rocket sat in the building and prevented any other activity. So you can relate that to when a lot of the commercial industry started going overseas for that.

There have been different activities. The discussion of security is a big one with regard to national security. So when those come in, a lot of the customers have foreign customers, there are some challenges they are getting there. But quite honestly, during 9/11, and even in the most recent government shutdown, a lot of those folks were not permitted to go, not necessarily on the Air Force side but on the Cape side.

It is a lot of different things that they look at, but it is really that a lot of them are looking to specifically optimize their opportunities. You have to realize, too, that they generate revenue by meeting timelines, and they pay fines if they don't meet their contractual requirements.

Mr. DESANTIS. You mentioned that sometimes there can be a tension between Space Florida and NASA. So how, with this whole issue with Shiloh, how has NASA responded to the bid?

Mr. KUZMA. Sir, I would like to couch that as attention is really in the objectives, not in the relationship.

Mr. DESANTIS. No, I understand that. Absolutely.

Mr. KUZMA. I think there was lots of discussion early on. But quite honestly, Director Cabana has been very supportive in us pursuing the environmental impact statement. We have not—there are some options as to how the property, what kind of property transfer ownership would be there. But quite honestly, we decided that we needed to push through whether or not it was a viable location and address those during the actual process, and I think that is a very prudent way to approach it.

Mr. DESANTIS. So you anticipate kind of future negotiations with NASA? You think that those are likely to be productive?

Mr. KUZMA. Yes, sir.

Mr. DESANTIS. Do you want to add?

Mr. CABANA. If I could, sir, yes. NASA is neutral on this. As an owner of the property, we are a participating agency in the environmental impact statement. The environmental impact statement is being led by the FAA. If at some point there is a positive environmental impact statement and there is a business case that would justify it, then NASA would consider entering into negotiations.

Mr. DESANTIS. Very good.

Just one more question on this for Mr. Kuzma. What benefits does Space Florida see to the community and taxpayers out of commercial space flight development in this region?

Mr. KUZMA. Sir, I don't actually have the numbers. We can come back with an economic study to do that. But certainly, if you look at what—before we enter into any agreement, we look at both the number of jobs and actually the capital investment. So we are looking at close to—most of the time it is between 150 and 250 jobs per commercial company. If you look at SpaceX, that is where they are going to be. And you are looking at investment from that company of somewhere between \$60 million to \$120 million.

Mr. DESANTIS. Very well.

Well, I thank the witnesses. I really enjoyed listening to you, and I yield back.

Mr. MICA. Mr. Bentivolio?

Mr. BENTIVOLIO. Thank you very much, Mr. Chairman.

In a 2013 review, the NASA Inspector General reported that since 2005 the agency's operations and maintenance costs have increased by \$173 million, or 44 percent. As of 2010, NASA had over \$2.6 billion in annual deferred maintenance costs. According to the Inspector General, in 2013 NASA continues to retain real property that is underutilized, does not have identified future mission uses, or is duplicative of other assets in its real property inventory. In 2012, an internal agency-wide NASA review estimated that the agency may have as many as 865 unneeded, or I heard 720 now, facilities with maintenance costs of over \$24 million annually.

Mr. Cabana, according to NASA Inspector General, NASA's operation and maintenance costs have increased by 44 percent since 2005. What is the cause of any rising costs you see here at Kennedy?

Mr. CABANA. So, at KSC, I should say that we took it very seriously what is in that report, and we are looking very closely again at what facilities we need, and we are divesting ourselves of those that we do not need. Obviously, with an aging infrastructure, maintenance costs continue to rise over time, and we are constantly repairing water lines and so on as we upgrade. In many cases, it makes much more sense to demolish an old facility and build something new.

For example, our new propellants north facility is a leads platinum facility. It actually generates more electricity than it uses. It puts energy on the grid, and we get our electricity for free at night in that facility.

So that is what we are doing. We are identifying the facilities that we need and getting rid of those that we don't, and trying to be very efficient in how we do it.

The Chairman asked earlier how much rent we were getting. And again, this isn't profit. It covers the direct costs of those facilities also. But with our current agreements, we have \$580,000 a year coming in in rent on those facilities. Again, that covers our costs to help provide the services that we do to those facilities also. But again, it takes them off our rolls where we are not paying those maintenance costs.

Mr. BENTIVOLIO. Now, I am new at understanding this bureaucratic process. Maybe you can help me here. When you identify a

building or buildings that are going to be mothballed, abandoned or disposed, they go to the GSA, correct? You notify the GSA? Is that correct?

Mr. CABANA. It depends. Only if we were going to sell it or if we were going to transfer it to another agency, and we are not actually selling the buildings. We are keeping them and either getting a use agreement for them, an enhanced use lease, a Space Act agreement, and they have to be something that would help enable commercial operations, space operations at the Cape as part of our mission.

Mr. BENTIVOLIO. Right, I understand that. What I am trying to get to is what is the process, the timeframe it takes? You have to notify GSA—do I understand this correctly?—that you are going to put this building up for rent or make it available to private enterprise that must meet certain requirements that you have set, right? So how long does it take before you come to the conclusion that nobody is interested and it is time to demolish the building?

Mr. CABANA. I think it depends on the facility and the studies that are being done. I would have to defer to the representative from the GSA how long it takes to get through the process.

Mr. BENTIVOLIO. Mr. Smith, he notifies you that this building, he would like to put this building up for sale or lease. What is your process to advertise and —

Mr. CABANA. Sir, actually, we are not going through the GSA to lease our buildings.

Mr. BENTIVOLIO. Okay.

Mr. CABANA. We are utilizing the GSA to transfer between Federal agencies. So those facilities at Cape Canaveral Air Force Station that are NASA facilities, my goal is to remove ourselves as much as possible from Cape Canaveral Air Force Station and just have the NASA facilities at Kennedy Space Center. So those facilities that we are transferring, we have to do that through the GSA.

Mr. BENTIVOLIO. So you have a limited market to lease these buildings.

Mr. CABANA. Yes, sir.

Mr. BENTIVOLIO. How long does that take to see if anybody is interested? And if not, when you determine that it is going to be demolished, what is that process? What is the timeframe?

Mr. CABANA. It could take as long as a year. It depends. Again, if we are going to demolish a facility, we have to have the funds to do that. So we have to work through NASA headquarters and our budget process, our construction facilities and the facilities maintenance folks.

Mr. BENTIVOLIO. Okay. So you don't have a customer. Now you want to demolish the building. What —

Mr. CABANA. If I identified it now, it would get put in the list of priorities at NASA as to what facilities, where had the highest priorities for the funds that were available in that budget year to provide it. So it may be next year, it may be the year after that. In the meantime, if it were not able to be demolished right away, it would be abandoned. It would be put in a safe state where we are not investing money to maintain it knowing that it is going to be demolished.

Mr. BENTIVOLIO. Thank you very much.

With that, Chairman, I yield back.

Mr. MICA. Thank you.

Mrs. Miller, you are recognized.

Mrs. MILLER. Thank you, Mr. Chairman. Again, I thank you for calling this hearing this morning.

I so much appreciate the premise of the hearing, but I also think that we can't be too hasty about certainly excessing property on this facility either. I mean, leasing buildings is one thing. Those can be—leases can be stopped, or they lapse or what have you. But I think turning property over or actually excessing property to the Department of Interior, as has been suggested by some testimony this morning, I think is totally something else because I think that could be very short-sighted by the nation.

I think that optimally the space program will begin really ratcheting back up at some point. I mean, there is always an ebb and flow to these kinds of things. There is an ebb and flow to the economics, et cetera, and the space program in my mind needs to be, as I mentioned in my opening statement, Congress needs to think about ratcheting it up, revving it up a bit more, and it is not just some romantic concept, the space program. It is a critical component of our nation's ability to be positioned globally in the economic footprint when we think about STEM and some of the other kinds of things that have to be happening in our educational system.

So I would say this. As we had an opportunity yesterday to tour, one of the things I heard from General Armagno, as well as in particular Mr. Cabana, was about the partnerships. That seemed to be sort of an operative phrase throughout the tour, partnerships with some of your commercial ventures, et cetera.

But I think as we face the challenges really of utilizing the real estate here, obviously one of the priority issues must be security and how you can secure all of your facilities here and make sure you are protecting the taxpayers' assets, et cetera. But as has also been talked about here, and this sort of goes to my question a bit, when you think about the economic identity of the space coast's two biggest components, tourism certainly, but much of it is NASA, and also the port, what has been happening at the port is incredible in a very fantastic way.

So how can the—is there more that can be done? As was talked about, the ELU, the Enhanced Land Use, I am pleased to see has been going through some of the process. I have had some experience with that at a base at my facility, and it is part of the total living experience, getting through that bureaucracy. So, good luck with all of that.

But I think as we think about the potential and the possibility of a rail spur, the first thing that you would think about would be the security concerns about that, and I am appreciative of that. I sit on the Rail Subcommittee on the Transportation Infrastructure Committee. But really, one of my primary responsibilities in the Congress is sitting on Homeland Security. I am Vice Chair of the House Homeland Security. So I am very familiar with the kinds of new technologies that have been utilized for rail security, and believe me, it can happen. You can be in an extremely high level of confidence about the security of a rail spur coming out of the port,

and I just sort of throw that out there, because when you think about the Panama Canal being expanded, I know that is part of the overall long-term master plan for the region here so that you are able to accommodate the larger SALT. Having an intermodal component is a very important thing, obviously, for the entire region.

So I would just mention as well about what your thoughts are about the security concerns for the possibility of a rail spur, utilizing the existing rail through here. I would throw that out.

Mr. CABANA. Yes, ma'am. So, I am still waiting to see the results of the study. After the study is complete, then we can make an informed decision. It will also require an environmental impact statement. But we are going to work with the port to see how we could get to accommodating that.

The rail, as it goes right now, doesn't reach as far as it needs to. We would have to provide access. The port is going to have to figure out how to get from where the rail ends the rest of the way to the port. But we have easements in a number of our agreements. I am sure it is something we would be able to work if this ends up being the right thing to do, but it is still in the study phase. But we are very cautiously optimistic that we will get to a solution that is of benefit to both of us. So I am looking forward to the results of that study.

I believe that we can make security work. We will figure out how to do that. Security is a huge concern. That goes into who we allow on-site, what companies we allow in. We don't just allow anybody in, and that is extremely important when you are dealing with the assets that we are dealing with.

But we have also—I will mention we have an agreement with Space Florida for Exploration Park. It is a research and development park on NASA property but outside the secure perimeter that allows easier access for foreign nationals and so on. Right now it is anchored with the Space Life Sciences Lab, but soon another building is going to be added, and hopefully that will grow into an area where commercial companies can operate, can build and be in close proximity to the Space Center without actually being inside the secure perimeter.

So security is a very important concern.

Mrs. MILLER. Thank you.

And if I could, General, I am going to ask you another question, since I have a limited amount of time here. You were indicating yesterday in the tour about the drone that was here, the land station and the drone for the customs and border protection, the CBP.

I think as we think about future BRACs, Base Realignment and Closure Commission, the country might not have the stomach right now for another BRAC, but there will be another BRAC. Another BRAC is going to come. I think as you look at what could happen here, even on Patrick really, but the idea of the total force concept of the partnerships again, with the Department of Homeland Security, I often tell the Secretaries of Homeland Security that they really miss the boat many times with these BRACs by not being proactive by looking at some of the existing properties, particularly geographically sited around the country for more of the components of homeland security.

I don't know about the drone, but there are I think various kinds of things when you think about the maritime environment, the kind of challenges that we are all facing, whether it be the Coast Guard or the CBP, Air Force, et cetera, not only national security but homeland security, about the potential of utilizing some of the facilities here. So then you are not really looking at a commercial partner but another agency partnership that I think could be useful in the immediacy and also long-term planning to think about BRACs. Because, I will tell you, the next BRAC, total force concept is going to be a critical element of that. They are going to look at not just one element of DOD, or they will look at other agencies and those kinds of things when they look at the facilities throughout the inventory, domestically in particular I think.

Do you have any comment on that, General?

General ARMAGNO. Thank you, Congresswoman Miller. I do. We work closely with our mission partners, even today, and together we are ensuring the viability of the space program here.

But even beyond the space program, we have already a joint force with us, if you will. The Navy is on Cape Canaveral already, that is to the Naval Operations Test Unit. They test the Trident missile force.

We work with the Army. They have land down around the port, as well as the Coast Guard has a squadron down there around the port.

We already work with the Department of State, who has a flying unit at Patrick Air Force Base where they do a lot of the maritime interdiction, drug interdiction, and even other kinds of flying in combat areas, but they keep their aircraft at Patrick.

So I know that we have great property with a lot of potential, a great place to fly, if you will, certainly a great place to launch rockets. But for any new customer that comes to us, we have to look at mission compatibility. I am entrusted with one mission, and that has to come first.

So we have to look at the safety not only of the incoming customer but the public safety that I am entrusted with for the space launch business. We look at security, as well. We look at encroachment. Environmental issues are very important to us, as well as radio frequency emissions. We can't interfere in radio wave speak with the way we do business as well.

So while we think that there is a lot of opportunity, I also have to balance the fact that I can't decrease the value, the military value of Patrick or Cape Canaveral Air Force Station.

Mrs. MILLER. Thank you, Mr. Chairman.

Mr. MICA. Mr. Posey?

Mr. POSEY. Thank you again, Mr. Chairman, not only for this hearing but also the time that you have taken and the members here have taken to get up to speed on some of these subjects. They are not something that typically a member of Congress goes around having the knowledge of what is going on at this port, what is going on at this space center, what is going on at this cape. I appreciate the members' time and interest they took to prepare themselves for this hearing today.

Accountability is something that our citizens want. Unfortunately, many times elected officials in general, Congress in par-

ticular, are too busy to give any attention to accountability. There are other important matters that seem more important at the time. But you have been diligent in trying to bring better accountability, and I am very grateful to you for that.

The same can be said for space. As you see by voting trends in the past, there is really not a whole lot of, overwhelming at least, support in Congress for our nation's space program even though it is a matter of our national security, it is a matter of our economic and technological advancement in this nation, and ultimately it will be responsible for the survival of our species.

I recently heard, was honored to hear a lecture by Neil deGrasse Tyson, who I think is one of the most amazing ambassadors for the space program, and he brought out the point that funding for space is probably the only thing that Congress does that entirely is beneficial to the next generation. Most of the other money that we spend solves problems on Earth and in America or around the world for this generation here and now. Very little that we do is truly focused on future generations, and space is one of those points of focus.

I wish and hope that someday we can make a commitment to our space program, maybe 1 percent of our budget for 25 years, straight line, so you can have some idea of what the future is going to be so we can properly plan and prepare for future space endeavors.

I want to again go on record that I strongly support whatever efforts it takes to get rail service, as the chairman has long had an interest in and as Mrs. Miller has mentioned earlier here today, to our port. I don't think that should be something that is unachievable given the fact that we can put men on the moon and bring them back within a 10-year span. We have had about 40 years to get a rail spur to the Cape, and I don't think that should be a super-human feat if we focus proper attention on it.

So I appreciate you giving me the time to participate in this hearing and to comment, Mr. Chairman. Thank you. I yield back.

Mr. MICA. Thank you.

Let me go over a couple of questions here. Like I said, we had this 2002 plan and the plan that you referred to, Mr. Director, and Mr. Lee said that that plan really looks at divesting at least to preservation or Mother Nature's stewardship the land north of 402. Is that correct?

Mr. CABANA. Sir, our plan does not—there is no plan for any NASA development north of 402.

Mr. MICA. But then we have the Shiloh project. That is north of 402?

Mr. CABANA. Yes. That is Space Florida.

Mr. MICA. Okay. And I understand that the firm that is looking at that is looking at also acquiring land. Would that be title land? Could that be title land to them, or leased land? I thought you had said everything had to be leased.

Mr. CABANA. If we were to do it, we would not want to give up ownership of that land.

Mr. MICA. Okay. But it would appear to me that there might be space below 402 for that type of activity, keeping what Mr. Lee has

come to request, sort of pristine from that type of development. Is that a possibility, or is that being looked at?

Mr. CABANA. In our master plan we have looked at another launch site just north of Pad 39B. You could call it 39C or some other name, but we have looked at the possibility of developing something there.

Mr. MICA. Bringing that closer to the 402. I notice 402 does—we have it up here.

Mr. CABANA. Right. It would be closer to it but it would be on the south side of it.

Mr. MICA. Okay, okay. That would make Mr. Lee happy. The record will reflect he has two thumbs up and a grin on his face. [Laughter.]

Mr. MICA. Well, again, it is amazing how things change. Mr. DeSantis has the area in Volusia County, Canaveral National Seashore. The biggest thing I had, Ron, to worry about in my first 10 years was the nude bathing on the beach there, and now you guys have acquired the responsibility of this transition.

This is a huge piece of property. I mean, I asked them how big is Manhattan. What is it? Thirty-seven square miles? This is 240 square miles, just your part, not the Air Force, and it stretches a long way. It has a lot of value, and you don't want to be short-sighted. I mean, we have two strong advocates over here. Well, the whole panel I think are strong advocates for the space program. We don't want to leave ourselves short-sighted for the future.

But you feel that the plan that was adopted in 2012, again utilizing that land south of 402, would be sufficient to carry our mission to any foreseeable future, Director and General? Yes? No?

Mr. CABANA. For NASA's needs, yes.

Mr. MICA. General?

General ARMAGNO. Mr. Chairman, thank you for the question. I am not familiar with the plan because that is not Air Force property.

Mr. MICA. Okay. Well, I want you to look at the plan and then comment for the record. You have two weeks to do that, report back, okay?

General ARMAGNO. Yes, sir.

Mr. MICA. And if you have to go above, ask them if they think it is adequate.

And then if there is anything disposable that you can dispose of or—of course, no one wants to preclude what has been talked about here for economic development of the port. That is a big economic generator. We heard Mr. Kuzma testify, 250 jobs you gave the amount of investment.

Mr. Walsh, what kind of jobs could we have if we had the port connection and the additional land there? A guesstimate.

Mr. WALSH. Our projections are 5,000 within the next —

Mr. MICA. Five thousand.

Mr. WALSH. Five to seven.

Mr. MICA. My goal would be—we have gone from 18,000 down to 8,000, and I think you have started actually—he didn't take credit for it, the Director didn't, but I think we hit bottom, and now we are employing people using some of these facilities.

So our goal would be get it past that 18,000, not only with the space activity but also other economic potential. That is a very significant figure.

All right, GSA. You had the 54,000, and here again the Director didn't give himself much credit. You showed us a building yesterday that you were transferring other government activities into. How big was that space? The Director.

Mr. CABANA. Which one? I am trying to remember.

Mr. MICA. You were telling us that you had moved another agency into a building it was going to occupy. Was that one of yours?

Mr. CABANA. No, no. What I was talking about was we were moving into—I took my engineering team and consolidated. I moved all my engineering directorate into a newer building.

Mr. MICA. That was the building across —

Mr. CABANA. Across from the vehicle assembly.

Mr. MICA. Across from the vehicle assembly? No, we passed another building, and I thought you said that they were going to have someone come into that from another agency.

Mr. CABANA. That was a building also that we have leased to Space Florida that was part of the OPF Bay 3.

Mr. MICA. Okay, so that is private.

Mr. CABANA. That is a private company.

Mr. MICA. Okay. So, Smith, you got 54,000 square feet from him?

Mr. SMITH. Yes, sir.

Mr. MICA. How long have you had it?

Mr. SMITH. I think the access came in the January timeframe.

Mr. MICA. When? This year?

Mr. SMITH. This year.

Mr. MICA. Okay. I hope some of that is prompted by the action of the committee.

Mr. Smith, I am sure I will see you again and I will be asking you the status of making that available or whatever we are going to do with it.

And since I have you here for another one, I think we are making some progress on the Dyer Courthouse? It was six or seven years now vacant in Miami?

Mr. SMITH. Sir, we are working with Miami-Dade College.

Mr. MICA. I appreciate that, and I got the report back. They are interested in a potential lease. How long do you think that is all going to take to review and get a decision on it?

Mr. SMITH. We are supposed to sit down with them. We are looking for a good win/win situation.

Mr. MICA. Could you tell me, the committee, provide me in the next two weeks when you plan to sit down with them, and then give me chronological order for submission in this record as to what timeframe you think that could be accomplished?

Mr. SMITH. I will.

Mr. MICA. Okay. I just had Dr. Padron and others. This is a vacant courthouse. I think we are going six or seven years now in Miami, and we had two hearings, one at the community college which is across the street from the vacant Federal courthouse where we did our first hearing about two years ago. We are getting up to two years, yes.

All right. Again, sorry to give you a hard time, Mr. Smith. That is what I am getting paid for.

But right-sizing this property is a challenge both for NASA and also for the Air Force.

Now, let's go back to Kuzma. From the outside, you have had to deal with this in a big way, getting your foothold here. Anything we can do to speed up the process, your recommendation? They are not going to cancel your lease, at least not this week, so just be frank with us.

[Laughter.]

Mr. MICA. You would be surprised how hard it is to get people to testify. I mean, really, it is. We have done some of these Federal property, and I can't get a witness. I have offered a bag over their head and a screen, and they won't come near us to talk because they are afraid of retribution from either GSA or some Federal agency.

But you have a past here. Go ahead and tell us anything positive that would help the process from what you have seen.

Mr. KUZMA. Thank you, sir. I think one of the things that may get lost at times is that Space Florida is accountable to the Office of the Governor. So our requirements are a little different than some of our Federal partners, and we are looking at that partnership between the two to be beneficial to us, to be able to track those customers and different things.

I think you may have used a great example with six years for a building. All the buildings I think, many of the buildings that the Director showed you—OPF-1, OPF-3, the ONC Building, Launch Complex 41 that was modified for ELV, the Space Life Science Lab, the ROV hangar at the Shuttle interstate—all those were, in fact, Space Florida where Florida has put resources in there to draw those companies here.

It is tough to transition those facilities. You have to find the right partners. We do a lot of due diligence on those, too.

Mr. MICA. It is pretty amazing. Three years is the last launch out of 39?

But again, my question for the record is, is there anything you can recommend to the committee? We will go back, look at legislation. We will look at kicking agencies in the tail to move them forward, whatever it takes, anything you want to offer today.

Mr. KUZMA. Sir, I think we looked —

Mr. MICA. Or you can submit for the record if you don't want to

Mr. KUZMA. I think I would like to submit for the record, sir.

Mr. MICA. Okay.

[Laughter.]

Mr. KUZMA. Thank you for that option, sir.

[Laughter.]

Mr. MICA. All right. Well, again, our goal here is to take this incredible national treasure that has a little bit of rust and a little mold, some of it sitting idle, but to brush it off and see what we can do with it to turn it into the very best asset for the taxpayers, and then hopefully get jobs and economic activity, get the private sector involved, as they should be, in the space mission as a good

partner. And then from our defense standpoint, this is a very important asset, and maximizing that too.

Finally, General, how many launch pads are empty and how many are being used, just for the record?

General ARMAGNO. Mr. Chairman, there are a total of 47 launch pads. Of those, three are active on the Air Force side. Two are NASA's, 39A and B. Nine were never built. Six are national historic landmarks right now and inactive. And there are 20 that are deemed inactive, but we did a review of those 20, and only eight of them are unencumbered by other activities going on on the base.

Mr. MICA. Okay. Well, I mention that so it is in the record so people will know and they can contact you. Some of the hearings we have done, they have actually gone out and put "For Lease" on the building after we had done the hearing. I don't expect you to do that, although you could fly a couple of those planes with banners. But just, again, getting out there to the public that we have these facilities, and maybe some investors, and we want to make Florida attractive, because other states and countries are attracting private-sector activity for those types of uses.

Other members have any follow-up questions?

Mr. DeSantis?

[No response.]

Mr. MICA. Mr. Bentivolio?

[No response.]

Mr. MICA. Mr. Posey?

Mr. POSEY. Thank you, Mr. Chairman. I am going to wrap this up, following up on a request that you made.

Just as a bit of history for members that might not have a real long history of our program, the buzz right now is about commercial space and a lot of focus by the Air Force and NASA on commercial space. That is why Space Florida exists.

There was a time when America virtually had a monopoly on commercial space. One hundred percent of the satellites fundamentally were launched from right here.

Under the old business model with NASA and the Air Force, we basically choked the Golden Goose to death with red tape and over-regulation, launch fees and other disincentives. Many in the commercial space industry found it much more advantageous to operate in other countries where, in fact, instead of over-regulating and essentially taxing the commercial space industry, they subsidized it. So pretty soon we became not very competitive, and we went from 100 percent of the world's commercial launch business to probably less than 10 percent. We are trying to get that back now.

At one point, there was a master plan signed by the Air Force, by NASA, by Space Florida, everyone with an interest, saying we would have a commercial launch center inside the gates of the Space Center, a range within the Range. We know, of course, that all this is subject to the Air Force's dominion of every inch of air space, probably from Jacksonville to Miami they control.

So while it is often easy to say, well, why don't people run in and use some of these other empty launch pads, there are some practical reasons why. If you are on Pad 1 and I am on Pad 2, and we have different launch schedules, there are times when you can't do

anything if I am right next door. So just some practical things that you don't think about.

People say, well, they have unused launch pads, so simply just use those. But there are other reasons for doing that. There is also infrastructure cost that I am going to put into a long-term investment if I have a long-term commitment for it, and I am not going to put in that long-term investment if I don't have the long-term commitment.

So what I am kind of driving at is, to follow up on your question that you asked for responses to, if not Shiloh, tell the chairman where you think a range within a range viable for future launch operations for commercial space would be located, if not Shiloh? If you would include that in your responses to the chairman in the next couple of weeks, I would appreciate it.

Mr. MICA. Thank you, and we will leave the record open for a period of two weeks. We will have additional questions we will be submitting to the witnesses that we will enter in the record also.

Mr. MICA. First of all, again, I have to thank our witnesses. Director Cabana is a pretty modest guy in his presentation here today. I was very impressed with him yesterday, and I will never forget standing with him in the vehicle assembly building, the VAB, which is one of the largest single structure buildings I think in the world. Somebody told me you can see it from the moon. But he told me that he came, I guess, as a Naval cadet, came into that building many, many years ago, a young Naval guy, and who would have thought that he would be directing actually the future of that many, many years later.

But I was very impressed because sometimes we will pick people who aren't always the best choices to direct some of these operations. But here is a guy that started out from the very beginning and having experience in the program as an astronaut, a whole host of activities, and then ends up here. So I think it is a very good choice, and we were impressed with what we saw yesterday.

We have lit a fire under them, quite frankly, the last year, and so has Congress the last couple of years to move forward, the various committees, particularly the Space and Science Committee. But our intent is, again, on behalf of the people.

Also, I think we are fortunate to get the general here, General Armagno, because she had experience at Vandenberg, sent at the perfect time. Mr. Posey and I had heard the "just say no" for long enough, and she has a vision hopefully for the future that we can work with.

Mr. Smith, he continues to take my abuse and yet returns to GSA and does it all very cheerfully, and hasn't hired anyone to take me out yet.

Again, it was exciting to hear from Mr. Kuzma. They have actually broken through all of this and have a number of exciting projects that are and will be employing people and get us to the next level of activity in space competition nationally and internationally.

Mr. Lee, always the protector of the environment with the Audubon Society, and will hopefully go away with a semi-smiling face today, but always there doing a good job and protecting our natural treasures.

And thanks, Mr. Walsh, for participating. I think of all the things I heard, when you said 5,000 jobs, if that doesn't make you salivate, nothing will.

So hopefully we can expedite where we all want to get, and that is in a positive direction.

There being no further business before the subcommittee today, this meeting is adjourned. Thank you.

[Whereupon, at 11:00 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

Senator Marco Rubio

**Committee on Oversight and Government Reform
Subcommittee on Government Operations**

**Hearing: "Assessing NASA's Underutilized Real Property Assets at Kennedy Space Center"
February 10, 2014**

Statement for the Record

Chairman Mica, thank you for holding today's hearing and drawing attention to the significant assets at Kennedy Space Center (KSC) and Cape Canaveral Air Force Station, assets that can and should be used in the most effective manner to serve all taxpayers and America's space competitiveness.

To ensure this occurs, NASA, the State of Florida, and the U.S. Air Force must continue to work together in an equitable partnership. This will ensure that America's gateway to exploring and understanding our universe is a gateway that is open for all interested users and advances our commitment to space travel.

For over 50 years the United States has had a longstanding commitment to manned space exploration, and NASA has played a major role in developing new technologies, promoting scientific discovery, and researching the unknowns of space. Throughout its history, our nation's space program has exhibited many of the qualities that make America exceptional – courage, ingenuity, risk taking and an ability to accomplish what once seemed unthinkable. Space exploration speaks volumes about America, who we are as a people and as a nation.

All Floridians are proud of the contributions the KSC has made to NASA's success. Whether it was launching the original Mercury flights, the Apollo moon missions, or the space shuttle, KSC has served as the launch site for every NASA human space flight.

As we know, the agency and the center are in a transition period. While I am concerned about the future of our space program and the impact this transition has had on Florida, I am encouraged by the efforts of KSC and Space Florida to diversify the center and implement a multi-user environment.

I am also encouraged by the advancements in the commercial space industry and the commitment Florida has made to commercial space entities. NASA must continue to utilize commercial space partners for missions in low Earth orbit while it focuses on deep space exploration. Doing so will help secure American leadership in space and ensure KSC is *the* multi-user spaceport in the future.

This is why I believe that NASA must identify common sense savings to help prioritize and fund space operations, especially given the current budget environment and debt our nation faces. The Agency has underused facilities and property which are beyond their design life or outdated and costing billions of dollars to keep and maintain.

According to NASA's Office of the Inspector General (OIG), NASA is the ninth largest Federal Government real property holder, with more than 124,000 acres and over 4,900 buildings and other structures with a replacement value of more than \$30 billion. NASA's annual operations and maintenance costs have steadily increased, and as of 2012, the Agency had over \$2.3 billion in annual deferred maintenance costs.

The OIG found that the agency continues to retain real property that is underutilized, does not have identified future mission uses, or is duplicative of other assets in its real property inventory. The OIG also found at least 33 facilities, including airfields and launch infrastructure, that were underutilized or for which NASA managers could not identify a future mission use and that the need for these facilities have declined in recent years as a result of changes in NASA's mission focus and the condition and obsolescence of some facilities.

I believe it is important that we maintain the excellence of NASA and our space programs, and we should start by re-allocating infrastructure that is underutilized, duplicative, or no longer needed for NASA requirements to commercial users and state and local entities. This would result in savings for NASA, a reduction in the federal government's footprint and burden to fund space operations, and an incentive for commercial space activities.

For this reason I introduced an amendment to the 2013 Budget Resolution encouraging NASA to reduce its infrastructure and make underutilized property available for lease to a government or private tenant. I am proud to say that the Senate unanimously adopted this amendment. As a result, the United States Senate is now on record unanimously stating that:

- NASA should move forward with plans to reduce its infrastructure and, to the greatest extent practicable, make property available for lease to a government or private tenant;
- NASA should pursue opportunities for streamlined sale or lease of property and facilities, including for exclusive use, to a private entity, or expedited conveyance or transfer to a State or political subdivision, municipality, instrumentality of a State, or DOT -licensed launch site operators for the promotion of commercial or scientific space activity and for the purpose of developing and operating space launch facilities; and
- Leasing or transferring underutilized facilities and properties to commercial space entities or state or local governments will reduce NASA's operation and maintenance costs, save money for the Federal Government, and promote commercial space and the exploration goals of NASA and the United States.

This amendment was a meaningful step in the effort to put America's space infrastructure to its best use and grow our nation's commercial space capability. I hope NASA follows the intent of the Senate and pursues opportunities to transfer underutilized facilities and properties.

I commend the agency, as well as Space Florida and the Air Force, for the steps that have been taken to transfer or lease facilities. Launch Complex 39A and the shuttle processing facilities are clear examples of putting taxpayer property to better use. While I am pleased the agency has done this, there is still work to be done, including on the Shiloh launch complex and Shuttle Landing Facility.

Today's hearing is another important step in this process. As long as the stakeholders testifying today continue taking steps together – hopefully at an accelerated pace – we can find solutions that meet the needs of our space program and all taxpayers.

I am hopeful that my amendment, along with this hearing and the past efforts by NASA to lease or otherwise relinquish unneeded facilities, will condense our financial obligations and spur an industry that seeks to make concepts we never thought possible a reality.

I believe that NASA and our space program are at their best when we have a clearly defined mission and goals that allows the agency and commercial industry to advance American ingenuity and the boundaries of human discovery. It is imperative that we continue to have a robust space exploration program that promotes America's economic, scientific, and security interests, and that effectively utilizes its resources.

I would like to thank Chairman Mica again for holding today's hearing and for allowing me to submit this statement. As a member of the Senate Committee on Commerce, Science and Transportation, I look forward to working with Chairman Mica and our colleagues in Congress, along with NASA and Air Force, to adopt smart, fiscally responsible measures that save taxpayer dollars, offer opportunities for innovation, and promote American space exploration.

* * *

AMENDMENT NO. _____ Calendar No. _____

Purpose: To express the sense of the Senate on underutilized facilities of the National Aeronautics and Space Administration and their potential use.

IN THE SENATE OF THE UNITED STATES—113th Cong., 1st Sess.

S. Con. Res. 8

Setting forth the congressional budget for the United States Government for fiscal year 2014, revising the appropriate budgetary levels for fiscal year 2013, and setting forth the appropriate budgetary levels for fiscal years 2015 through 2023.

Referred to the Committee on _____ and
ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. RUBIO

Viz:

1 At the appropriate place, insert the following:

2 **SEC. ____ . SENSE OF SENATE ON UNDERUTILIZED FACILI-**
3 **TIES OF THE NATIONAL AERONAUTICS AND**
4 **SPACE ADMINISTRATION AND THEIR POTEN-**
5 **TIAL USE.**

6 (a) FINDINGS.—The Senate finds the following:

7 (1) The National Aeronautics and Space Ad-
8 ministration (NASA) is the ninth largest real prop-
9 erty holder of the Federal Government, with more
10 than 124,000 acres and more than 4,900 buildings

2

1 and other structures with a replacement value of
2 more than \$30,000,000,000.

3 (2) The annual operation and maintenance
4 costs of the National Aeronautics and Space Admin-
5 istration have increased steadily, and, as of 2012,
6 the Administration has more than \$2,300,000,000
7 in annual deferred maintenance costs.

8 (3) According to Office of Inspector General
9 (OIG) of the National Aeronautics and Space Ad-
10 ministration, the Administration continues to retain
11 real property that is underutilized, does not have
12 identified future mission uses, or is duplicative of
13 other assets in its real property inventory.

14 (4) The Office of Inspector General, the Gov-
15 ernment Accountability Office (GAO), and Congress
16 have identified the aging and duplicative infrastruc-
17 ture of the National Aeronautics and Space Admin-
18 istration as a high priority and longstanding man-
19 agement challenge.

20 (5) In the NASA Authorization Act of 2010,
21 Congress directed the National Aeronautics and
22 Space Administration to examine its real property
23 assets and downsize to fit current and future mis-
24 sions and expected funding levels, paying particular

1 attention to identifying and removing unneeded or
2 duplicative infrastructure.

3 (6) The Office of Inspector General found at
4 least 33 facilities, including wind tunnels, test
5 stands, airfields, and launch infrastructure, that
6 were underutilized or for which National Aeronautics
7 and Space Administration managers could not identify a future mission use and that the need for these
8 facilities have declined in recent years as a result of
9 changes in the mission focus of the Administration,
10 the condition and obsolescence of some facilities, and
11 the advent of alternative testing methods.

13 (7) The Office of Inspector General found that
14 the National Aeronautics and Space Administration
15 has taken steps to minimize the costs of continuing
16 to maintain some of these facilities by placing them
17 in an inactive state or leasing them to other parties.

18 (8) The National Aeronautics and Space Administration has a series of initiatives underway
19 that, in the judgment of the Office of Inspector General, are “positive steps towards ‘rightsizing’ its real
20 property footprint”, and the Office of Inspector General has concluded that “it is imperative that NASA
21 move forward aggressively with its infrastructure reduction efforts”.

1 (9) Existing and emerging United States com-
2 mercial launch and exploration capabilities are pro-
3 viding cargo transportation to the International
4 Space Station and offer the potential for providing
5 crew support, access to the International Space Sta-
6 tion, and missions to low Earth orbit while the Na-
7 tional Aeronautics and Space Administration focuses
8 its efforts on heavy-lift capabilities and deep space
9 missions.

10 (10) National Aeronautics and Space Adminis-
11 tration facilities and property that are underutilized,
12 duplicative, or no longer needed for Administration
13 requirements could be utilized by commercial users
14 and State and local entities, resulting in savings for
15 the Administration and a reduction in the burden of
16 the Federal Government to fund space operations.

17 (b) SENSE OF SENATE.—It is the sense of the Senate
18 that the levels in this concurrent resolution assume—

19 (1) the National Aeronautics and Space Admin-
20 istration should move forward with plans to reduce
21 its infrastructure and, to the greatest extent prac-
22 ticable, make property available for lease to a gov-
23 ernment or private tenant;

24 (2) the National Aeronautics and Space Admin-
25 istration should pursue opportunities for streamlined

1 sale or lease of property and facilities, including for
2 exclusive use, to a private entity, or expedited con-
3 veyance or transfer to a State or political subdivi-
4 sion, municipality, instrumentality of a State, or De-
5 partment of Transportation-licensed launch site op-
6 erators for the promotion of commercial or scientific
7 space activity and for developing and operating
8 space launch facilities; and

9 (3) leasing or transferring underutilized facili-
10 ties and properties to commercial space entities or
11 State or local governments will reduce operation and
12 maintenance costs for the National Aeronautics and
13 Space Administration, save money for the Federal
14 Government, and promote commercial space and the
15 exploration goals of the Administration and the
16 United States.